

UNITED STATES OF AMERICA
BEFORE THE NATIONAL LABOR RELATIONS BOARD
REGION 28

In the Matter of:

NP RED ROCK LLC, d/b/a RED ROCK
CASINO RESORT SPA,

and

CLAUDIA MONTANO, an Individual,

and

LOCAL JOINT EXECUTIVE BOARD OF
LAS VEGAS, a/w UNITE HERE
INTERNATIONAL UNION.

Case No. **28-CA-244484,**
 et al.

The above-entitled matter came on for hearing pursuant to notice, before **JEFFREY D. WEDEKIND**, Administrative Law Judge, via videoconference, on **Thursday, June 10, 2021**, at **9:00 a.m. PDT**.

A P P E A R A N C E S

Counsel for the General Counsel:

SARA DEMIROK, ESQ.
National Labor Relations Board, Region 28
2600 North Central Avenue, Suite 1400
Phoenix, AZ 85004
(602) 416-4761
Sara.demirok@nllrb.gov

On Behalf of the Charging Party (UNITE HERE):

KIMBERLEY C. WEBER, ESQ.
McCracken, Stemberman & Holsberry, LLP
595 Market Street, Suite 800
San Francisco, CA 94105
(415) 597-7200
kweber@msh.law

On Behalf of the Respondent:

REYBURN W. LOMINACK, III, Esq.
MICHAEL D. CARROUTH, Esq.
Fisher Phillips, LLP
1320 Main Street, Suite 750
Columbia, SC 29201
(803) 255-0000 (office)
(803) 730-4901 (cell Carrouth)
rlominack@fisherphillips.com
mcarrouth@fisherphillips.com

Also Present:

KEVIN KLINE, Representative, UNITE HERE
ERIKA HERNANDEZ, Representative, Red Rock Casino

1		<u>I N D E X</u>				
2						<u>VOIR</u>
3	<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>DIRE</u>
4						
5	Jeffrey Welch	7179	7215	--	--	--
6	--					
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						

	<u>E</u> <u>X</u> <u>H</u> <u>I</u> <u>B</u> <u>I</u> <u>T</u> <u>S</u>		
	<u>EXHIBITS</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
1			
2			
3	GENERAL COUNSEL:		
4	305	7271	7272
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 **P R O C E E D I N G S**

2 **(Time Noted: 9:05 a.m.)**

3 JUDGE WEDEKIND: All right. This is day 57, I believe,
4 of the Red Rock hearing.

5 Respondent, are you ready to call your next witness?

6 MR. LOMINACK: Yes, Your Honor. Respondent calls
7 Jeffrey Welch.

8 JUDGE WEDEKIND: All right, Mr. Welch. I believe you
9 testified with us before; is that correct?

10 MR. WELCH: Not in this --

11 JUDGE WEDEKIND: Oh, you have not. Okay. I'm sorry.
12 Excuse me. I guess I just heard your name a lot. All right.
13 Well, welcome. If you would raise your right hand, I'll
14 swear you in.

15 (Whereupon,

16 **JEFFREY WELCH**

17 was called as a witness by the Respondent, and after having
18 been first duly sworn, testified as follows:)

19 JUDGE WEDEKIND: All right, thank you very much. Okay.
20 Just a few things to go over with you before we get started.
21 First, we are recording. So we only want to have one person
22 speaking at a time, which means I'd like to ask you to try to
23 wait until you're pretty certain the attorney is finished
24 asking the question before you start answering. In our
25 experience, witnesses often anticipate. They know where the

1 attorney is going, and they want to answer right away. Try
2 to wait, if you would.

3 Also, if you hear an objection from one of the other
4 attorneys, just stop, wait until I've ruled on the objection
5 before you continue. And, finally, if you have any audio or
6 video problems, can't hear us, your video freezes, whatever,
7 just let us know. Say something. Raise your hand. And
8 we'll try to fix it. Okay?

9 THE WITNESS: Yes. Thank you.

10 JUDGE WEDEKIND: Great. Thanks a lot.

11 All right. Do we have Mr. Carrouth yet? Looks like we
12 don't, but I assume they'll keep trying.

13 MR. LOMINACK: He's fine. We can go ahead.

14 JUDGE WEDEKIND: Okay. All right, Counsel.

15 **DIRECT EXAMINATION**

16 Q. BY MR. LOMINACK: Good morning, Mr. Welch.

17 A. Good morning.

18 Q. Where are you currently employed?

19 A. I am employed by Red Rock Resorts, Inc.

20 Q. Okay. And what is Red Rock Resorts, Inc.?

21 A. Red Rock, Red Rock Resorts is a public company, which is
22 a casino and entertainment company.

23 Q. Okay. And there's also a Red Resorts Property, Red Rock
24 Property, correct?

25 A. That's correct.

1 Q. Okay. And so throughout my questioning today I may
2 refer to Red Rock, but I'll try to clarify if it's the
3 Property or if it's the corporate entity. And if there's a
4 difference at some point, please let us know. Okay?

5 A. Will do.

6 Q. Okay. And what is your current position at Red Rock
7 Resorts, Inc.?

8 A. I am an Executive Vice President and the Chief Legal
9 Officer.

10 Q. Okay. And how long have you been the Executive Vice
11 President and Chief Legal Officer?

12 A. Since mid-2017.

13 Q. Is Red Rock Resorts, Inc., a publicly traded company?

14 A. Yes, it is.

15 Q. What exchange?

16 A. NASDAQ.

17 Q. Okay. And how long has it been publicly traded?

18 A. Since 2016.

19 Q. And do you have a law degree?

20 A. Yes, I do.

21 Q. What are your general responsibilities as the Executive
22 Vice President and Chief Legal Officer?

23 A. I'm responsible for all legal matters for the Company,
24 regulatory, anti-money laundering. That's my basic
25 responsibility.

1 Q. Okay. And where did you work prior to Red Rock Resorts,
2 Inc.?

3 A. I worked at Deutsche Bank.

4 Q. Okay. And just for the record because I'm sure it will
5 be asked, can you spell that?

6 A. Yes. D-e-u-t-s-c-h-e new work Bank, capital B.

7 Q. Okay. And what were your duties at Deutsche Bank?

8 A. I was the lawyer that was responsible for the investment
9 banking part of the franchise in the United States.

10 Q. And you broke up a little bit on that -- or trailed off
11 a little on that last word. What was that word?

12 A. Oh, in the United States.

13 Q. Oh, in the United States. Okay. When you were at
14 Deutsche Bank did you have any involvement with Station
15 Casinos?

16 A. Yes, I did.

17 Q. Okay. Can you describe what involvement you had?

18 A. Yes. My involvement went back to probably 2007 or 2008
19 when Deutsche Bank financed the Go Private transaction for
20 what was then Station Casinos, Inc., and I was involved in
21 that aspect. From there, I was involved post the financial
22 crisis, heavily involved once Station Casinos, Inc. went into
23 bankruptcy. When it emerged from bankruptcy, Deutsche Bank,
24 my employer was a large shareholder, and the largest
25 creditor. So as part of my responsibilities I was involved

1 with the Company there. Eventually, I ended up taking one of
2 the Deutsche Bank Board's seats with the Company after it
3 emerged from bankruptcy. Deutsche Bank had two Board seats,
4 and I ended up occupying one of them as part of my
5 responsibilities. And, I actually continued to be involved
6 with -- on behalf of Deutsche Bank with respect to Station
7 Casinos until I left Deutsche Bank and came to work for
8 Station Casinos.

9 Q. Okay. And I want to go back to something you said. You
10 mentioned the recession. That was around 2008; is that
11 correct?

12 A. 2008 and '9, yes.

13 Q. Okay. Are you familiar with how the recession impacted
14 Station Casinos at that time?

15 A. Yes, very. Station Casinos had had gone private in a
16 transaction where they incurred a large amount of debt. And
17 after the financial crisis, they were unable to actually
18 sustain that debt load, and they were forced to seek
19 protection of the United States Bankruptcy Code.

20 Q. Okay. And what was your involvement in the bankruptcy
21 process?

22 A. Deutsche Bank was the largest creditor, and it led the
23 bank group, in addition to being a large real estate -- the
24 largest real estate creditor. So we were, we as a company,
25 Deutsche Bank, we're very extensively involved in the

1 bankruptcy, and I was very extensively involved in the
2 bankruptcy because that fell under my responsibility.

3 Q. Okay. And you mentioned Stations emerged from
4 bankruptcy. When was that?

5 A. It would -- I believe it was June 2011, mid-2011.

6 Q. Okay. And you continued to work for Deutsche Bank on
7 behalf -- on behalf of Deutsche Bank for Station Casinos
8 after the emergence from bankruptcy; is that right?

9 A. I did.

10 Q. Okay. And what was your specific involvement on behalf
11 of Deutsche Bank after the bankruptcy emergence?

12 A. After Stations emerged from bankruptcy, Deutsche Bank
13 was the largest third-party creditor, and also still -- I'm
14 sorry. Let me repeat that. Deutsche Bank was the largest
15 third-party equity investor, and we were also the largest
16 creditor. And so we needed to continue to manage that
17 exposure, and that fell within my job responsibilities.

18 Q. Okay. And you testified that you took over or sat on
19 one of the Board seats for Station Casinos; is that right?

20 A. Yes. As a function of Deutsche Bank being a large
21 shareholder, they were entitled to representation on a
22 Station -- Board and observer status on Station Casinos, LLC,
23 Board, and that was one of my roles as well.

24 Q. Okay. What did you do as a Board member for the
25 Stations Company?

1 A. I was asked to, and responsible for looking after
2 Deutsche Bank's investment. And, yeah, it was a, it was
3 actually -- I can't remember how large it was. It was a
4 pretty substantial investment, and we wanted to not own
5 Station Casinos forever. So the plan was make sure that the
6 investment is being properly looked at, after, and ultimately
7 find a way to exit ownership of Station Casinos.

8 Q. And at some point Station Casinos, did Station Casinos
9 go public?

10 A. In 2016, yes.

11 Q. Okay. And were you involved in that process?

12 A. Yes, I was.

13 Q. What was your involvement?

14 A. I was involved in the negotiation of the transaction on
15 behalf of Deutsche Bank. I was just involved as a Board
16 member, and sort of the governance activities. And, yeah,
17 just, I guess, just generally my role was to make sure that
18 that transaction proceeded in a way that was beneficial for
19 Deutsche Bank.

20 Q. Okay. And who was the COO of the Station Casinos entity
21 when it went public in 2016?

22 A. It was either Steve Cavallaro or a guy named Dan Roy at
23 the time of the actual IPO.

24 Q. Okay. Who is Steve Cavallaro?

25 A. Steve Cavallaro is a former Chief Operating Officer of

1 Station Casinos, who was the Chief Operating Officer during
2 the entire period that I was sitting on the Board
3 effectively.

4 Q. Okay. And did you work directly with him in your role
5 as the Deutsche Bank representative?

6 A. I did. Yes.

7 Q. Can you describe the work that you did with him in that
8 capacity?

9 A. Sure. As I mentioned, my role was to look after
10 Deutsche Bank's investment. And for lack of a better way to
11 describe it, Steve Cavallaro's role was to kind of watch the
12 store for Station Casinos. He was -- there's all sorts of
13 different kinds of chief operating officers, as I'm sure this
14 group is aware at this point. And Cavallaro's particular
15 skill was cost cutting.

16 Q. Okay. And how do you know that?

17 A. Because I observed him in that role and, frankly, I
18 encouraged him in that role.

19 Q. And why did you encourage him in that role?

20 A. Because my singular focus at that point as a
21 representative of Deutsche Bank was to find a way to make
22 sure that the Company was ready for public offering, and look
23 as attractive as possible for a public offering.

24 Q. Okay. And can you describe some of the cost cutting
25 measures that you were personally aware of?

1 A. Well, I think that, literally, Steve's every waking
2 moment appears to have been devoted to trying to figure out
3 ways to squeeze out costs. So whether it was squeezing
4 salaried employees, and/or finding ways to make sure that we
5 didn't have excess labor, finding ways to shift cost from the
6 Company to team members. Even things like taking away water,
7 and taking away nice pens. He squeezed every nickel that he
8 possibly could.

9 Q. What do you mean by excess labor? What does that mean?

10 A. One of our largest costs as an operating Company is
11 labor. And if you're not using it efficiently then you're
12 not as well prepared for a public offering, and you're not --
13 you don't appear to be as successful. And what I, as a
14 representative of Deutsche Bank, wanted was for the Company
15 to be as successful as possible even after the IPO so our
16 exit could be at a price that was as attractive as possible.

17 Q. And you also mentioned something about shifting costs.
18 What were you referring to?

19 A. I think -- I'm -- I have to say, I'm a little
20 nonspecific on this, but during this period when I was
21 sitting on the Board, I believe that health care costs were
22 going up pretty substantially, and I believe in the
23 Post-bankruptcy period maybe for the first time Station
24 Casinos started shifting part of the cost to team members
25 instead of bearing it itself.

1 Q. Okay. And you testified, I believe, Station Casinos
2 went public in 2016; is that right?

3 A. That's correct.

4 Q. And what role, if any, did you play or did you continue
5 to play on behalf of Deutsche Bank for Station Casinos after
6 it went public?

7 A. There were really, I guess, two roles. The first was
8 just looking after the equity investment in my legal
9 capacity, and also looking after our creditor status in my
10 legal capacity. And then the second was the Board seat.

11 COURT REPORTER: Can you repeat what you said after the
12 Board?

13 THE WITNESS: Oh, I'm sorry. I think I misunderstood
14 the question. This is after the, after the public offering?
15 I apologize.

16 Q. BY MR. LOMINACK: Correct. After it went public.

17 A. I apologize. After it went public, I was no longer on
18 the Board, and I as merely looking after our debt and equity
19 investment.

20 Q. Okay. Why were you no longer on the Board?

21 A. I resigned my Board seat because of the basic inherent
22 conflict of interest that exists when you're sitting on a
23 Board, and you really want to look after Deutsche Bank's
24 interest, but you're obligated as a fiduciary to look after
25 other shareholders' interests. We at Deutsche Bank tended to

1 discourage that practice.

2 Q. Okay.

3 A. Meaning the practice of sitting on a public company
4 board.

5 Q. Okay. All right. And did you continue to have some
6 involvement though on behalf of Deutsche Bank?

7 A. Yes, I did. We were --

8 Q. What was that?

9 A. We were -- I'm sorry. Doing what the Judge asked me not
10 to do, talking over you. That was really to continue to
11 safeguard our debt and equity investments with an eye towards
12 exit.

13 Q. Okay. And did Steve Cavallaro continue as the COO after
14 the Company went public?

15 A. He did not.

16 Q. Okay. Do you know who took over after that?

17 A. A gentleman named Dan Roy.

18 Q. And do you remember about how long Dan Roy remained as
19 the COO?

20 A. I know that he was not the COO at the time I joined the
21 Company in mid-2017.

22 Q. Who was the COO when you joined the Company in 2017?

23 A. A gentleman named Joe Hasson, H-a-s-s-o-n.

24 Q. Okay. And how did you come to work directly for the
25 Company?

1 A. In the spring of 2017, I got a call from the
2 Then-president of the Company, Richard Haskins, who asked me
3 to consider coming to Las Vegas to work for the Company.

4 Q. Okay. And you broke up on my end when you said the
5 name. So I'm not sure they got it. Can you repeat Rich's
6 name?

7 A. Sure. It's Richard Haskins, H-a-s-k-i-n-s.

8 Q. Okay. And just not sure if it's completely clear on the
9 record, but Mr. Haskins has passed away; is that correct?

10 A. Yes. At the time he called me, he was president. He
11 died almost a year ago.

12 Q. Okay. And are you familiar with Steve Cootey?

13 A. Yes, I am.

14 Q. And who is he?

15 A. He is the Company's Chief Financial Officer.

16 Q. And was Mr. Cootey the CFO when you started working
17 directly for Station Casinos?

18 A. Yes, he was.

19 Q. Okay. And do you know about how long he had been the
20 CFO when you started?

21 A. It was a couple of months before I did. So in sort of
22 the March, April timeframe of 2017.

23 Q. Okay. So both of you started around the same time; is
24 that fair to say?

25 A. That is fair to say.

1 Q. Okay. When you first started -- and, again, I know you
2 testified earlier that your Employer is technically Red Rock
3 Resorts, Inc., right?

4 A. Correct.

5 Q. But for clarity, if I just refer to it as Station
6 Casinos is that -- is that fair to say?

7 A. Yes.

8 Q. Okay. Because there's -- again, there's a lot of
9 discussion about Red Rock and the property. So just to make
10 it clear, I'll refer to your employment as for Station
11 Casinos, okay?

12 A. That works.

13 Q. For this purpose. Okay. So when you first started with
14 Station Casinos as the Chief Legal Officer, what were some of
15 the biggest challenges, if any, that the Company was facing
16 from a competition standpoint?

17 A. The local casino business is an intensely competitive
18 business, and so we are always competing for guests. Unlike
19 Strip casinos, our business is to get the same people to come
20 in 1, 2, 3 times a week, 10 times a month. And so we compete
21 for those guests very intensively, and the way we compete for
22 those guests in many respects is through the team members
23 that we hire. And the biggest competitive issue I think that
24 was facing us in 2017 and forward is the ability to attract
25 and retain top team members.

1 Q. Were there any specific competition concerns that you
2 had after you arrived and started working directly for
3 Station Casinos?

4 A. Sure. There were, of course, the competition with our
5 competitors in the locals business. There was competition
6 with casinos in the downtown market. And there's competition
7 for employment with Strip casinos. And those are the three
8 main markets in Las Vegas. Plus, at the time, Las Vegas was
9 pretty much booming, and there were -- there was nothing on
10 the horizon except jobs that would compete with our ability
11 to attract and retain team members. So there was Circa --

12 Q. Can you give any examples?

13 A. Yeah. I'm sorry.

14 Q. Sorry.

15 A. Yeah. There was Circa --

16 Q. Can you provide some examples?

17 A. Yes. Circa was getting redone. That's downtown.
18 Resorts World was at that point getting ready to open. The
19 Convention Center was going to open. The Raiders were coming
20 to town. I think Sam's was going to open a Convention
21 Center. People were talking even then about reopening the
22 old Fontainebleau. And it was a vibrant economy, and hiring
23 was a challenge, and retention was a challenge.

24 Q. Okay. And when you talk about hiring and retention, are
25 you just focusing on hourly team members or are you talking

1 about other types of employees as well?

2 A. At every level. Managers, supervisors, hourlies. Every
3 level. It was a very, very tight labor market.

4 Q. Okay. How would you describe the team member relations,
5 how team member relations were in general after you got
6 started and settled in working directly for Station Casinos?

7 A. Not as good as I thought they were or not as good as I
8 thought they would be.

9 Q. Can you explain what you mean by that?

10 A. Yes. As long as I had been working with and aware of
11 Station Casinos there was a, I guess, a statement and a
12 believe that it was a top employer, and it was -- from the
13 earliest involvement I had with Station Casinos in some of
14 their things like offering documents and the like, they were
15 proudly talking about how they were on the *Fortune* list of
16 best employers, and that sort of a thing. And in my prior
17 role, that was at a very high level, and I kind of took that
18 for granted. When I arrived, and keep in mind in the period
19 between when I left the Board in 2016 and when I arrived in
20 2017, there had been two union elections, and at Boulder and
21 Palace. And it was clear to me that team member relations
22 were not what I thought they were at the very high level, and
23 not what I just assumed that they were from that original
24 viewpoint that I took.

25 Q. How did -- you referenced a couple of elections. How

1 did that play any impact in your understanding of team member
2 relations?

3 A. Well, my general sense is the better your team member
4 relations are the more happy your team members are the less
5 interested they will be in having a union.

6 Q. Okay. Are you familiar with Valerie Murzl?

7 A. Yes, I am.

8 Q. How are you familiar with her?

9 A. When I started working at Station Casinos, I met her.
10 And I met her in the context of I was asked to be responsible
11 for the human resources function when I first arrived.

12 Q. Okay. Did you know Ms. Murzl prior to starting to work
13 directly for Station Casinos?

14 A. I did not.

15 Q. Okay. Do you know how it came to be that she was going
16 to report to you?

17 A. I'm not entirely sure, no.

18 Q. Okay. Do you know who she reported to prior to
19 reporting to you?

20 A. Prior to reporting to me, she had reported throughout
21 her career to the operations function.

22 Q. Okay. And would that be the COO?

23 A. Yes.

24 Q. Whoever the COO was at the time?

25 A. Correct.

1 Q. Okay. How long did you supervise Ms. Murzl?

2 A. Until she left Station Casinos in September of 2019.

3 Q. Okay. And during the time that you supervised

4 Ms. Murzl, did you have any issues with her performance?

5 A. Yes.

6 Q. Can you describe what issues you recall having with

7 Ms. Murzl?

8 A. Yes. I actually found her to be, while she was a very
9 experienced and knowledgeable professional, pretty difficult
10 to work with. She was not inclusive. In fact, she was
11 exclusive. In the initial meeting I had with her when I
12 suggested that we might want to get together every two weeks
13 and talk about issues, she kind of rebuffed that. She really
14 rebuffed the idea of reporting to me, saying she didn't
15 really want to report to me; she had always reported to
16 operations people. She put up a wall, and she, again, I
17 don't want to be disrespectful because she's a very
18 experienced and knowledgeable professional, but she did not
19 want outside involvement in her function, and she did things
20 the way she wanted to do them. And she didn't feel inclined
21 to change at all. So that in a nutshell is sort of the
22 issues I had with, with --

23 Q. Are there any specific examples that you can testify
24 about regarding that?

25 A. Well, it was pretty much almost anything that you would

1 expect out of a human resources function. So, for instance,
2 every year we would ask for to be involved in the benefits
3 process well in advance of the deadline for kind of signing
4 off. And it felt like every year she would deliver us a
5 baked plan that we didn't really have an opportunity to kind
6 of comment on. When it came to managing labor relations, she
7 had a play book, and she had a counsel that, again, very
8 experienced respectable counsel, but they had a playbook that
9 they really didn't let anybody else contribute to or comment
10 on. And when it came -- well, that, those are some specific
11 examples.

12 Q. Regarding the benefits issue you referred to something
13 as a "baked plan." What do you mean by that?

14 A. Yeah. There are probably, and this is outside my area
15 of expertise, but whenever you're putting together a health
16 care plan, there are probably a thousand decisions that you
17 can make. And less me and more somebody like a Steve Cootey
18 would want to be involved in those decisions figuring out
19 what the financial implications are, what the team member
20 implications are, and things like that. And, again, senior
21 management would actually want to be involved, would express
22 a desire to be involved in that process, but then when it
23 came down to it effectively we would get to a point where
24 it's too late in the process to really give an effective
25 input, and we'd present kind of a baked plan for the next

1 year.

2 Q. You referred to, I believe, from a labor relations
3 standpoint you referred to a playbook in reference to
4 Ms. Murzl and her -- was it an outside counsel, law firm; is
5 that right?

6 A. Yes. At the time, we exclusively used DLA Piper for
7 external labor counsel, and it was Harriet Lipton (ph.), who
8 was a very accomplished professional. But they had
9 effectively a playbook that they had developed, and they
10 didn't really want much -- or Valerie. I can't say Harriet
11 didn't. Valerie didn't really want much in the way of
12 contribution to thinking about that.

13 Q. And when you say "contribution," do you mean from whom?

14 A. From me or anyone else in senior management.

15 Q. Okay. And what was that -- what, generally, was that
16 playbook? Can you describe it?

17 A. That playbook was -- at least the part that I ended up
18 rejecting, and it was part of ultimately my decision to
19 change labor counsel, was that when you were, when you were
20 involved in a campaign of any sort you would not let the
21 managers and the supervisors at that property actually have a
22 voice. You would parachute into a situation other employees
23 of Station Casinos who you believed were trusted be the
24 quote, unquote, voices of Station Casinos to speak to the
25 team members to convey to the team members whatever it is

1 that Station Casinos wanted to convey to them. And from the
2 beginning, I found that to be a little bit head scratching
3 why at a time when you are really trying to understand and
4 make sure you have the right connection with team members,
5 you throw a bunch of strangers into the process. But the
6 underlying premise of Valerie's approach there was
7 supervisors and managers couldn't be trusted to talk to the
8 team members. And what that told me was that we had the
9 wrong supervisors and managers, if that were true.

10 Q. Are you aware of what the HCM system is?

11 A. Yes.

12 Q. What is that?

13 A. HCM system is the human resources IT system,
14 effectively, that we deployed in 2019 to effectively
15 modernize our HR function. And Valerie was responsible for
16 the rollout of that.

17 Q. Okay. And do you know what her specific involvement or
18 responsibilities were with respect to rolling that out?

19 A. Her responsibility was to do everything necessary to
20 make sure that on June 30, 2019, it was able -- we were able
21 to flip a switch, and it would be implemented and
22 functioning.

23 Q. And did you observe any issues with respect to her
24 handling of the HCM rollout?

25 A. I'm guessing you've probably heard before the HCM

1 rollout was pretty much a disaster, and it was kind of quite
2 -- spent a good part of 2019 trying to resort it effectively
3 and roll it out properly.

4 Q. Okay. At some point did you consider replacing
5 Ms. Murzl?

6 A. Yes.

7 Q. At what point did you consider or start considering
8 replacing her?

9 A. I would say I started seriously considering replacing
10 her in early to mid-2018.

11 Q. 2018, you said?

12 A. Yes.

13 Q. And why did you not replace her in early to mid-2018?

14 A. Well, first of all, I did have a lot of respect for her
15 tenure with the Company and her knowledge, and I didn't want
16 to be precipitous in replacing Valerie. But as I said, it
17 was clear to me that she wasn't going to be easy for me to
18 work with starting in 2017. But in 2018, it became clear to
19 me that it was getting more and more difficult for senior
20 management to continue to work with Valerie, and I didn't
21 like the way team member relations were going under Valerie's
22 leadership. And I believed that Station Casinos would
23 benefit from a change.

24 Q. Okay. And did you actually take some steps towards
25 actually replacing her in 2018?

1 A. Yes.

2 Q. What steps were those?

3 A. We met with and came very close to hiring Paul [sic]
4 Fortino.

5 Q. And you say "we." Who is the "we" you're referring to?

6 A. It was at least Frank Fertitta, Rich Haskins and me.

7 Q. Okay. Did you actually interview with Mr. -- or meet
8 with him about a new job, about the job in 2018 at some
9 point?

10 A. Yes.

11 Q. Okay. Can you describe what you remember about that?

12 A. Sure. I had spoken to him a couple of times on the
13 phone, I believe, before he actually came in. He came in,
14 and met with Frank and Rich and me. Possible Lorenzo was
15 there, Lorenzo Fertitta was there. I don't recall
16 specifically. But we spent basically a Saturday morning with
17 him, an hour and a half, two hours, and really liked him.

18 Q. Okay. How did that meeting go or how did the
19 discussions during that meeting go?

20 A. Very well. I mean, we really liked a lot about Phil
21 from the get-go. He had worked at a -- or he was working at
22 a founder run company, which was important. That's a -- I
23 would say it's a kind of a special skill that you need to
24 develop to work for a founder-owned company for the first
25 time. He was just -- which is kind of, kind of new to me in

1 terms of talking with a potential HR officer, everything he
2 talked about or saw or said was through the perspective of,
3 you know, or the lens of what's good for a team member. He
4 talked about benefit plans, and he talked about how many
5 credits for rooms. And he talked about 401(k)s, and he
6 talked about health centers. And he seemed to have a bunch
7 of ideas that we weren't executing on or hadn't thought of.
8 And so I think we all walked away very, very impressed by
9 Phil.

10 Q. Okay. And you mentioned a phrase founder-owned. Can
11 you explain what that means?

12 A. Yeah. So the Station Casinos is, I don't know, about 46
13 percent owned by the Fertitta family, Fertitta family
14 interests. They are the founders of the Company going back
15 to 1976. And that is a different feel than a company that is
16 just run by people me, who are just kind of working there.
17 There's a family feel to it. There is a history to it.
18 There is a personal connection to it. And Phil was used to
19 that because the company that he was working for had founders
20 and owners up in --

21 Q. And was that El Dorado?

22 A. Yes, it was.

23 Q. Okay. During that initial meeting in 2018 with
24 Mr. Fortino, did you discuss Valerie Murzl with her -- with
25 him?

1 A. Yes. I mean, I think we discussed in the context of
2 challenges that we were having with her in the HR function.

3 Q. Okay. Now, the evidence in the record is that
4 Mr. Fortino was not hired immediately after that interview;
5 is that right?

6 A. That's correct.

7 Q. And why? Why was that?

8 A. The reason that didn't happen at that time was as and
9 after that -- the period when we were interviewing
10 Mr. Fortino, we got involved more seriously in a pretty
11 significant transaction for the Company, and that company
12 appeared to be a reality or enough or a reality that we
13 didn't really want to hire somebody new only to terminate
14 them shortly thereafter because their services wouldn't be
15 needed in the result -- as a result of the transaction.

16 Q. Okay. And did you know that at the time when you met
17 with Mr. Fortino in 2018?

18 A. I had not been very involved in the potential
19 transaction. I was aware that it was out there. But at that
20 point, it was more of an idea than a reality, and more of
21 an -- more of an idea than a transaction. And over the
22 course of the second half of 2018, it became -- it, I guess,
23 progressed to the point where it was a very real transaction
24 that we, we actually almost executed on.

25 Q. Okay. And you say almost executed on it. What ended up

1 happening?

2 A. It was a multi-party transaction, which would have
3 involved splitting the Company into multiple pieces, and the
4 buyers of one of the pieces -- the buyer of one of the pieces
5 decided not to proceed.

6 Q. Do you remember when that was around?

7 A. That was December of 2019.

8 Q. 2018 or 2019?

9 A. I'm sorry. 2018.

10 Q. Okay. And you ended up meeting again with Mr. Fortino
11 the following year; is that right?

12 A. Yes, we did.

13 Q. Okay. And there's evidence in the record that you met
14 with him in July of 2019. Do you remember that?

15 A. I do remember that.

16 Q. Okay. Is there any reason why you did not follow-up
17 with Mr. Fortino between the end of 2018 and July of 2019?

18 A. Yeah. There's actually a couple reasons why we didn't.
19 One was after the potential transaction fell apart, all of
20 our attention turned to the reopening of Palms, which was
21 happening, I guess, in -- right after the first quarter of
22 2019. The reopening beginning of April 2019. And it was
23 pretty much an all hands on deck drill to get there. A
24 significant part of that was hiring over a thousand people
25 for the club, which Valerie was very much involved in

1 starting, I think, it was January of 2019. We were also
2 rolling out HCM, which was a very significant undertaking,
3 and making a change in the senior human resources officer or
4 in the person responsible for that rollout. Would -- it
5 would be pretty disruptive. So we didn't change at that
6 point.

7 Q. Okay. Are you familiar with Bob Finch?

8 A. Yes, I'm familiar with Bob.

9 Q. And who is he?

10 A. He is the Chief Operating Officer at Station Casinos.

11 Q. And were you involved in the decision to promote
12 Mr. Finch to the COO?

13 A. I was not.

14 Q. Okay. Do you know who was involved in that decision?

15 A. Yes. It was Frank Fertitta, Lorenzo Fertitta and Rich
16 Haskins.

17 Q. Okay. How do you know that they were involved in that
18 decision?

19 A. Because they told me that they had made that decision
20 once that decision was made but before it was announced.

21 Q. Okay. And I believe you had testified that Joe Hasson
22 was the COO at that time; is that correct?

23 A. Yes. Joe Hasson was the COO prior to Finch --

24 Q. And did you work, did you work or have occasion to work
25 alongside or with Mr. Hasson?

1 A. Yes, I did.

2 Q. Were you aware of any issues with his performance as the
3 COO?

4 A. Yes.

5 Q. Can you describe some of what you observed?

6 A. Sure. I think that there were, I think there were a few
7 issues with Joe. Joe was a technician, and what Frank and
8 Lorenzo were looking for at that time was not a technician,
9 but actually somebody who could do things the way we used to,
10 connect with team members the way we used to, get things back
11 to where they were. In addition, this was not an issue that
12 I had, but an issue I perceived others had, Joe didn't really
13 seem to develop a strategy for moving forward as the Chief
14 Operating Officer. And an example is marketing. They felt
15 like he was changing directions on the marketing all the
16 time, and didn't -- what the plan was. And but I really
17 think more than anything else Frank and Lorenzo and Rich knew
18 Bob, and they knew that he was somebody who was familiar with
19 the way that their father started the Company, and could be
20 somebody who could get us back to that, that place.

21 Q. Did you ever have any direct conversations with either
22 Frank and/or Lorenzo Fertitta about their desires or goals
23 for the Company?

24 A. Sure. I mean that's -- that was actually a regular
25 refrain, particularly from Frank, who -- put it this way.

1 Whoever he had working for him in 1995 was way smarter than
2 anybody he had working for him in 2021, and did a way better
3 job, and everything that was the way it was, was better. And
4 I -- and his selection of Finch was a very clear desire to
5 recapture some things that we did in our -- earlier in our
6 existence, and particular team member relations.

7 Q. Okay. Do you ever recall having a conversation with
8 Mr. Lorenzo Fertitta about health insurance costs?

9 A. Yes. I remember it very well because it was kind of an
10 ah-ha moment for me. Keeping in mind that my impression
11 coming to Station Casinos was that team member relations were
12 great. And then my first eight months it really became clear
13 maybe they weren't all that great. And when I was -- it was
14 a -- we tend to meet -- the senior management team. And it
15 was a Saturday. It was at lunch. And Lorenzo was describing
16 a visit he had to get an MRI, and I think it was his ankle or
17 shoulder. I can't remember what it was. But in that visit
18 he said to us, and then they asked me to pay a deductible or
19 co-pay or something like that. And they said it was -- I
20 can't remember, but it was a couple hundred dollars. And he
21 looked at us around the table, and he goes, how is that
22 possible? How is it possible that we are making a cook pay
23 that money for an out-of-pocket deductible? And for me it
24 was really realization that we were in the wrong place, and
25 we were going in the wrong direction, and our ownership knew

1 it, and our ownership was actually kind of calling, I felt
2 little bit like me, but all of us out for not being in the
3 right place with our team members. And I would say that was
4 early to mid-2018.

5 COURT REPORTER: What was the year you said? I'm sorry.

6 THE WITNESS: Early to mid-2018.

7 COURT REPORTER: Thank you.

8 Q. BY MR. LOMINACK: Now, you testified that you again met
9 with Mr. Fortino in, I believe, it was July 2019; is that
10 right?

11 A. Yes.

12 Q. Do you know how that connection came about again?

13 A. My recollection is that in the aftermath of the Palms
14 reopening and the HCM bad rollout we were -- we once again
15 were very concerned about the direction of the HR function,
16 and we were again sitting around eating lunch talking about
17 it. And I think I suggested that we should go back and talk
18 to Phil.

19 Q. And who is, who is we?

20 A. Frank, Lorenzo, Rich Haskins, me, Cootey, Finch.

21 Q. Okay. Are you aware of some Culinary Union elections
22 that occurred in -- in early to mid-2019 involving Station
23 Properties?

24 A. Yes.

25 Q. And what do you recall about that?

1 A. Well, it was actually part of my increasing awareness
2 that we really weren't doing a very good job connecting with
3 our team members. So as I mentioned, while I was not working
4 for the Company -- Palace, Boulder, but then in late 2017, I
5 think it was, there was a GVR election that did not go our
6 way, and then in the spring of 2019 there was a Palms
7 election that did not go our way. And then sometime in mid-
8 2019, there was Sunset and Fiesta Rancho that did not go our
9 way. And if it wasn't enough evidence for me that all those
10 elections were not going our way, they were also -- the
11 results were getting worse. So I felt like we needed to make
12 a change, and we really needed to do something to correct the
13 way we were approaching team member relations to get them
14 back to where they had been and where they should be.

15 Q. Okay. And by the time you met with Mr. Fortino again in
16 July of 2019, had anything changed with respect to your
17 perceptions of him from the year before? Did you say
18 anything different? Was there anything new after you met
19 with him the second time?

20 A. The biggest impression I had from the second meeting
21 with them or with Phil, which was really for him to get to
22 know Finch because Finch had not been involved when we
23 basically almost hired Phil the first time around. So it
24 was, as I recall, Finch and Fortino and me in a meeting, and
25 I felt like a total third wheel because both those guys are

1 so animated by team member relations, and they were just,
2 they were just bouncing thoughts and ideas off each other,
3 and I was just kind of sitting there watching like I was
4 watching a tennis match. They were peas in a pod. And it
5 was -- yeah, it was, it was clear that to the extent that our
6 new COO would have any input into a new Chief HR Officer that
7 Bob was just -- he was really kind of on the same wave length
8 as Phil.

9 Q. At that point, did you have any thoughts about if you
10 were to have hired Mr. Fortino about who he would report to?

11 A. I had not really had much in the way of thoughts there.
12 I was, frankly, always indifferent as to whether Valerie
13 reported to me. When Phil came in, he ended up reporting to
14 Finch, which is a -- the reason that it was that way for the
15 first 40 years of Station Casino's existence is probably
16 because it makes sense. But that change was made, but I
17 don't recall thinking about that too much at the time I was
18 interviewing Phil.

19 Q. And did you talk with Mr. Finch about Mr. Fortino after
20 the interview in July 2019?

21 A. I'm sure we did. I mean, I vaguely recall Bob just
22 being very enthusiastic, but I don't remember the specifics
23 of any conversation.

24 Q. At some point you made a decision to hire Mr. Fortino;
25 is that correct?

1 A. Yeah. Probably within minutes or days of that meeting
2 we got the go ahead.

3 Q. Okay. And there's evidence in the record that
4 Mr. Fortino began working in early September of 2019. Can
5 you explain what occurred with respect to bringing
6 Mr. Fortino on between July of 2019 and that time period and
7 that time?

8 A. Yeah, I was -- well, we negotiated a contract, and then
9 he ended up giving his notice and coming over. He had a
10 vacation in the middle. But it was really just -- I was
11 tasked with getting a contract signed with him.

12 Q. And can you describe generally the negotiation process
13 that you referred to?

14 A. Yeah. It went very smoothly. I think we needed to make
15 sure that we were attractive as an employer to him. He had a
16 pretty good position. And we, obviously, think that we're
17 the best employer, but we wanted to make sure that it was
18 attractive to him, and part of that was making sure, I think,
19 that whatever equity awards he had from his prior employer
20 that he wasn't losing money to come work for us. So we --
21 that was, that was the thing I think we worked on the most.
22 Other than that, it was a, it was a typical, just a typical
23 contract process, went pretty smoothly.

24 Q. And did you ultimately get a contract executed with him?

25 A. Yes.

1 Q. Okay. And when in relation to when he began working?

2 Do you remember approximately when that was?

3 A. It was probably three weeks to a month after. I would
4 say we started -- maybe it was probably -- probably happened
5 during the end of July to the end of August.

6 Q. Okay. Relative to Ms. Murzl's economic terms, where did
7 Mr. Fortino's generally fall?

8 A. We got him a little bit cheaper.

9 Q. Than what you were paying Ms. Murzl?

10 A. Yes.

11 Q. And you talked about it being a pretty typical process.
12 Have you had occasion to hire other key executives before?

13 A. Sure.

14 Q. Okay. And how long just in general does it take for a
15 process like that to be concluded in your experience?

16 A. I would say that for a SVP type position Phil's was
17 probably average. We've had it take a couple of months, and
18 we've probably had it take as little as two weeks. There was
19 nothing -- nothing stood out about Phil's process. It was
20 just a regular process.

21 MR. LOMINACK: Okay. Your Honor, can we take five-
22 minute restroom break?

23 JUDGE WEDEKIND: Yes, let's do that. **Off the record.**

24 **(Off the record from 10:03 a.m. to 10:09 p.m.)**

25 Q. BY MR. LOMINACK: Mr. Welch, are you familiar with the

1 Culinary Union filing a petition to represent employees at
2 the Fiesta Henderson property?

3 A. Yes.

4 Q. And how are you familiar with that?

5 A. I was made aware of the petition being filed shortly
6 after this one.

7 Q. And there's evidence in the record that that was filed
8 in July of 2019. Were you involved in selecting counsel to
9 represent the Company in connection with that petition and
10 campaign?

11 A. Yes, I was.

12 Q. Can you describe that process?

13 A. No. I was the decision maker in that process as I am
14 the decision maker whenever we hire external counsel. And I
15 made the choice to not use the counsel that we had been
16 using, and to switch to a counsel that we had been developing
17 a relationship with.

18 Q. And why did you make that decision?

19 A. Sort of for the reason I discussed earlier. We were
20 basically utilizing the same strategy with diminishing
21 results, and no apparent desire to change. And I felt like
22 we needed to make a change in our strategy.

23 Q. Okay. And at the time you made that decision, had
24 Mr. Fortino had an offer, had an agreement been reached with
25 respect to Mr. Fortino coming to Station Casinos?

1 A. I'm not sure we had even interviewed with him again yet,
2 reinterviewed him, basically. It was, that was, I think, it
3 was mid-July 2019. I'm not sure what the timing was. I know
4 we met with Phil in July 2019, but I'm -- I think we might
5 have gotten the petition before we met with him, but I
6 can't -- I'm nonspecific on that. But it had nothing to do
7 with, with --

8 Q. Okay. And what were your observations of how that
9 Fiesta Henderson campaign was handled with Fisher Phillips in
10 that role versus the prior counsel you talked about?

11 A. Well, I guess, it's fair to say I was disappointed with
12 the result, but I was very pleased with the progress in the
13 sense that we communicated to our team members, I think, much
14 more effectively than we had been, and our margin of loss was
15 such that I believe that had we had a little more time we
16 would have actually won that election.

17 Q. All right. Are you familiar with a November 19, 2019,
18 meeting involving the senior leadership team and Mr. Fortino?

19 A. Yes.

20 Q. And how are you familiar with that?

21 A. I attended that meeting.

22 Q. Okay. And what do you recall about that meeting?

23 A. It was a meeting in which Phil presented to effectively
24 Frank and Lorenzo a long list of changes that he had been
25 working on since he arrived at Station Casinos, and that he

1 was recommending to basically put us in a position to do what
2 we'd been trying to figure out how to do since, I guess, as
3 long as I'd been with the Company, which is find a way to
4 attract and retain the best team members.

5 Q. Okay. Do you recall any discussions during that meeting
6 about unions or union activity?

7 A. No.

8 Q. What was -- strike that. Did you support the proposals
9 that Mr. Fortino was making to the group?

10 A. Yes. I had reviewed or discussed them in advance with
11 Phil, and if I hadn't supported them, I don't think there
12 would have been proposals that were made at the -- at the
13 meeting. We would have sorted it out before going in to
14 present the product we wanted.

15 Q. And why did you support the proposals?

16 A. Because it was very important to me, and it was very
17 important to the management team. It was very important to
18 the Company to basically put us back in a position for a new
19 employer of choice now in the Las Vegas valley, whether it
20 was relative to a Strip property, a downtown property,
21 another locals casino, or any other employer, we wanted to be
22 the employer of choice.

23 Q. Okay. Has Station Casinos received any awards since
24 that time period for its treatment of team members that
25 you're aware of?

1 A. Since November of 2019? Yes.

2 Q. Yes.

3 A. We were -- I'm not deeply familiar with the details, but
4 I'm informed that we were recently voted a top employer in
5 Las Vegas, and a, basically, a team member voted -- survey, I
6 think, was conducted under the auspices of the *Review*
7 *Journal*, but the paper here, but that we actually we got
8 voted by our team members as a top employer.

9 Q. Is that important to you?

10 A. It's important to me in the sense that it shows that our
11 overall strategy is working; that we're doing what we hoped
12 to do back when we put Finch in place as the Chief Operating
13 Officer, and back when we brought in Phil to do our HR
14 function.

15 MR. LOMINACK: Those are all the questions I have,
16 Mr. Welch, at this time. Thank you.

17 THE WITNESS: Thank you.

18 JUDGE WEDEKIND: All right, Ms. Demirok.

19 MS. DEMIROK: Yes, Your Honor, I do have some cross. If
20 I could have approximately 15 minutes.

21 JUDGE WEDEKIND: That's fine. Let's take 15. Come back
22 at 10:30 Pacific.

23 MR. LOMINACK: Thank you.

24 JUDGE WEDEKIND: **Off the record.**

25 **(Off the record from 10:16 p.m. to 10:34 p.m.)**

1 **CROSS-EXAMINATION**

2 Q. BY MS. DEMIROK: Good morning, Mr. Welch.

3 A. Good morning, Ms. Demirok.

4 Q. So as you may know, my name is Sara Demirok. I am
5 representing the government in this matter on behalf of the
6 Acting General Counsel for the National Labor Relations
7 Board, and I've got some follow-up questions based on your
8 testimony so far. You mentioned that Mr. Fortino was cheaper
9 for the Company than Ms. Murzl was at the time. Was that
10 including his bonus?

11 A. Yes. It was including his target bonus.

12 Q. And, in fact, Ms. Murzl was also the Senior Vice
13 President of Training in addition to the Senior Vice
14 President of Human Resources; is that right?

15 A. That's correct.

16 Q. And Mr. Fortino though did not take on the title of VP
17 of Training; is that right?

18 A. I'm not sure whether he took on that title or not. He
19 has that function.

20 Q. And so Ms. Ferris did not take on those responsibilities
21 as Ms. Murzl did?

22 A. No. She is the Vice President of Training. And as the
23 Senior Vice President of Human Resources, she reports to
24 Phil. So he's responsible for training.

25 Q. So prior to Ms. Ferris, who was the Vice President of

1 Training?

2 A. I don't know. We had -- we have a number of trainers.
3 I'm not sure how they -- how that -- I should know, but I
4 don't know who they reported to. I don't believe it was
5 directly to Valerie.

6 Q. You mentioned that with Ms. Murzl when benefits came
7 under review, by the time the information floated upstream up
8 to the executive team, it was too late in the process to
9 effectively do anything about it; is that right?

10 A. That's correct.

11 Q. There's a process for doing things after the fact,
12 right?

13 A. I'm not sure what you mean.

14 Q. Sure. So, like, in 2019, before the focus on family
15 benefits got rolled out, there was already an open enrollment
16 for benefits that were decided upon, right?

17 A. I'm not sure of the timing of that. I would think --
18 usually we do open enrollment in October, as I recall. So
19 there probably would have been an open enrollment at that
20 point before we actually changed our benefit programs.

21 Q. Right. And so there had been an open enrollment, and
22 there was a process after the fact to change those benefits,
23 right?

24 A. Oh, I see what you're saying. I assume there must be a
25 process to do that. I don't have any personal knowledge of

1 that.

2 Q. But somehow after November 19, 2019, Station Casinos was
3 able to -- it wasn't too late in the process to make changes
4 for 2020 benefits, correct?

5 A. Oh, yeah. Because we actually totally changed our
6 benefit program. So, yeah, we needed to do that. I know I
7 think we needed to get that done by the end of -- by the end
8 of 2019 so people could reenroll.

9 MR. LOMINACK: Could I ask -- I'm sorry to interject.
10 Can I ask him to repeat from the beginning of that or have it
11 played back because I -- because it completely distorted
12 almost immediately when he started talking for me. I'm not
13 sure it was captured.

14 COURT REPORTER: Repeating would be idea. I -- looked
15 like he stopped talking when we heard the noises, but if
16 you're not sure, it would be better to --

17 THE WITNESS: I did stop talking when I heard the noise.

18 MS. DEMIROK: Sorry. That was my phone ringing, and or
19 my office line ringing. I thought I figured out how to make
20 that not happen but --

21 UNIDENTIFIED SPEAKER: No worries, no worries.

22 MS. DEMIROK: So maybe I'll start -- I can't remember
23 exactly what, how I phrased that question.

24 Q. BY MS. DEMIROK: But what I was asking you, and just for
25 the sake of the record, the -- in 2019, after the November

1 19, 2019, meeting in which these focus on benefits were
2 decided to move forward with, that was after an open
3 enrollment period that had already taken place; is that
4 right?

5 A. I believe so.

6 Q. And so there was a process then to change the benefits
7 that were offered in 2020 after November 29, 2019, correct?

8 A. I believe so, yes.

9 Q. And so I'm wondering with the situations with Ms. Murzl
10 in the past, and the information flowing upstream to late in
11 the process, why didn't Station Casinos ever engage in a
12 similar after-the-fact special enrollment?

13 A. I understand what you're asking now, sorry. The simple
14 answer is no one ever told us we could. We -- it basically
15 got jammed with benefit plans and we didn't really realize we
16 had an option to fix it. So --

17 Q. You all seem like fairly bright and resourceful
18 individuals. You never looked into that?

19 A. You've met my colleagues then. Yeah, they are bright
20 and resourceful individuals. I don't think any of us had the
21 knowledge or the experience or, frankly, the -- enough
22 background to realize that that was something that could be
23 done. And, as I said, Valerie ruled her department with a
24 pretty iron hand, and it was one of the issues. But we all
25 felt a little bit like it was human resources island, and we

1 weren't allowed to interject.

2 Q. Lorenzo Fertitta. You mentioned your ah-ha moment in
3 the early to mid-2018.

4 A. Yes.

5 Q. Recall that?

6 A. I do. Thank you.

7 Q. Now, Lorenzo Fertitta is a pretty hands-on executive.
8 Would that be fair to say?

9 A. I would say that he became a more hands-on executive
10 over the period that I've been working here.

11 Q. And when you say working there, do you mean being on the
12 Board or --

13 A. I mean the period while I was employed by Red Rock
14 Resorts and Station Casinos.

15 Q. So since 2017, you've known him to be that way; is that
16 right?

17 A. He has become increasingly involved as an executive,
18 yes.

19 Q. In fact, one of his mottos is if you're -- what is it?
20 If you're not micromanaging, you're not doing it right;
21 something like that. Have you heard him say that?

22 A. I've never heard him say that, but it wouldn't, it
23 wouldn't surprise me if he did. He is -- he's a detail
24 oriented, focused manager.

25 Q. And when he says that something should be done, people

1 act on that, right?

2 A. Yes, people do act on it when he says something should
3 be done.

4 Q. But nobody acted on reducing deductible costs for the
5 2019 benefits after he mentioned the situation where he was
6 concerned about cooks having to pay out of pocket for MRIs;
7 is that right?

8 A. I'm not sure what we did in terms of reducing deductible
9 benefits or changing our plans. I'm sure they changed. But
10 what we didn't do, which is, I think, what Lorenzo ultimately
11 wanted us to do, is basically do everything possible to make
12 sure that we are the most attractive employer in this market.
13 So an example is when we made health care free for everybody
14 making 40,000 or under, Lorenzo came back and basically said,
15 no, make it free for everybody making under 100,000. That's
16 his push. And he's -- that's, you know, that's the, that's
17 the essence of who he is. He actually is trying to get it
18 back to where we were too.

19 Q. But, again, he raised concerns about the health benefits
20 in early 2018, and no one did anything about it until what,
21 focus on family benefits?

22 A. I think that it's not fair to say nobody did anything
23 about it. You have to understand that during this time we
24 also as a management team all believed that our benefits were
25 really attractive. We didn't think that we had in early 2018

1 kind of crappy, crappy benefits. And I don't think our
2 benefits ever actually were crappy. But I do think that we
3 improved them kind of vastly over time. It takes awhile to
4 get things done, but we got it done.

5 Q. In fact, no one really started moving towards anything
6 done until Mr. Fortino came onboard; is that right?

7 A. Well, it depends on whether your question is
8 specifically focused on benefits. Bob Finch, from the moment
9 he took the COO role started working very hard to kind of
10 restore our team member relations and reconnect with team
11 members. It was the reason he was in the role. And that was
12 February of 2019 that he took on the role. So if you mean
13 did we actually figure out different benefit plans, that
14 definitely was -- Phil was the impetus behind that.

15 Q. This deal that fell through in 2018, why would it be
16 that, like, a VP, a senior executive, like a VP of HR would
17 necessarily be terminated if that deal went through?

18 A. The reason that that would have happened is the Company
19 was going to be split into three parts, and there was going
20 to be one part that remained with Station Casinos and its
21 existing team, and it was going to be very small, and we
22 would not need a human resources executive of the caliber of
23 a Phil Fortino or a Valerie Murzl to run a very small two-
24 property company that was what was contemplated to result
25 from the transaction.

1 Q. Which properties would those be?

2 A. Palms and Palace.

3 Q. But some of the executives may have stayed on with
4 whatever companies were doing the acquiring, right?

5 A. Oh, they would -- you would definitely have needed an
6 executive team because in addition to the two properties that
7 we were in the process of actually renovating at that point,
8 and there were also going to be -- there was -- there's still
9 our Native American business, and there was vacant land that
10 we owned that we could develop. But the -- that company was
11 not -- the remaining company with the two properties was not
12 expected to be particularly profitable. And we spent a lot
13 of time figuring out which senior executives would move to
14 what was -- what we were calling Remain co. And it was not
15 contemplated that we would have a senior vice president of
16 human resources. And so I didn't think as a person who was
17 primarily responsible for the process with Phil, and because
18 after awhile that transaction seemed like a reality, I
19 thought it would be deeply unfair to ask him to move only to
20 get fired potentially when the transaction closed.

21 Q. Ms. Murzl had talked about retiring long before she was
22 pushed out, and not getting pushed out, right?

23 A. When she ended up retiring and not getting pushed out.

24 Q. Okay. Well, she was talking about retiring long before
25 she retired then, right?

1 A. Yes. Not with me. I understand because I had been told
2 that by Finch that he had had conversations with her about
3 retiring. I was not aware of that. I was aware of her
4 family situation, but I didn't -- I never talked retirement
5 with Valerie.

6 Q. So there was a family situation that you knew may take
7 her away from her position at some point; is that right?

8 A. I knew that her daughter, I think, was either pregnant
9 or had a baby, and was living on the East Coast, and that she
10 was anxious to spend more time.

11 Q. And that was in 2018; is that right?

12 A. I'm not sure whether that was 2018 or 2019.

13 Q. And so I'm sure when you learned that Ms. Murzl may be
14 leaving the Company, that's essentially what you learned,
15 right?

16 A. No.

17 Q. No, you didn't learn that?

18 A. No.

19 Q. So her going to the East Coast for this family thing she
20 would have stayed with the Company?

21 A. No. I don't know that she was going to move to the East
22 Coast. I knew that that was something that was in her
23 future, but Ms. Murzl retired, but when she announced her
24 retirement, we had already hired her replacement.

25 Q. Right. But before she announced her retirement, you

1 were aware that she might be leaving the Company at some
2 point in time; is that right?

3 A. No, I don't believe I was.

4 Q. So you didn't learn about her family thing until after
5 she announced her retirement?

6 A. I was aware of her family thing. I wasn't aware that it
7 was going to cause her to retire.

8 Q. But would it be fair to say that you anticipated that
9 this family thing may take her away from her
10 responsibilities?

11 A. I've got three kids living on the East Coast, and not
12 taking away from my responsibilities. So I did not have that
13 understanding.

14 Q. Okay. Just curious if, like, she held a top level
15 position. Maybe there were some thoughts about what to do
16 next when she did retire prior to her retirement.

17 A. Yeah. Our hiring of Phil was really not succession
18 planning as much as it was a desire to take human resources
19 in a different direction.

20 Q. And Ms. Murzl was with the Company for like over 20
21 years?

22 A. Yes.

23 Q. You must have been involved in some sort of discussion
24 at some point before Ms. Murzl left about succession planning
25 then; is that right?

1 A. Not exactly, no, unless you consider the efforts that we
2 were making to hire Phil succession planning, in which case I
3 was involved in a number of discussions with the Company
4 about succession planning with respect to Ms. Murzl's role.

5 Q. You said you made -- the Company made better progress
6 once Fisher and Phillips got involved; is that right?

7 A. That's correct. At least I thought so.

8 Q. And by progress, I mean, one gauge of that was the
9 margin of the votes with -- the margin of the -- the outcome
10 of the elections that took place in 2019; is that right?

11 A. Yeah. I mean, I consider that margin reflective of
12 actually our communications to team members in that campaign
13 as having been much more effective than they were in some of
14 the prior campaigns.

15 Q. And some of the prior campaigns including -- was it
16 Sunset Ranch?

17 A. There was Sunset Station and Fiesta Rancho were the two
18 campaigns that immediately preceded the Fiesta Henderson
19 campaign, as I recall.

20 Q. And in those two elections, Sunset Station and Fiesta
21 Rancho, the Union won by a wide margin, right?

22 A. Yes. And, in fact, the Union won by, as I recall, the
23 widest margins that they had won by. So that I wasn't around
24 for the Palace and Boulder elections but, obviously, the
25 Palace election the Company won. The team members voted it

1 out; did not vote in favor of the Union. In Boulder, I can't
2 remember what the margin was. But I think that from Green
3 Valley to Palms to Fiesta Rancho and Sunset Station was not
4 good. And I think -- I'm sure this is out there somewhere,
5 but the margin had gotten worse, and that was part of my
6 motivation to try to change the story. You just don't keep
7 repeating something that's not working.

8 Q. And the things that changed after that trend was
9 noticeable with Sunset and Fiesta Rancho, one of the changes
10 you made was with your legal representation for the Company,
11 right?

12 A. One of the changes I made was, yes, to bring in Fisher
13 Phillips to actually help us with that campaign.

14 Q. And shortly after that you also met with Mr. Fortino,
15 right?

16 A. Well, I met with Mr. Fortino a year before that, but we
17 reinitiated conversations with him sometime in July, I
18 believe, of 2019, which was when we got -- the month we got
19 the Fiesta Henderson petition, if I'm recalling that
20 correctly.

21 Q. Right. And I think it's in the record and, hopefully,
22 I've got the date right, but July 6, 2019, is when you met
23 with Mr. Fortino. And that was shortly after the elections
24 at Sunset Station and Fiesta Rancho, correct?

25 A. I think they -- I'm recalling that they were in June,

1 maybe, but I can't say for sure. If that's correct though,
2 that does refresh my recollection that we actually met with
3 Phil, I think, in 2019 after we got the petition for Fiesta
4 Henderson.

5 Q. You mentioned the HCM disaster, the rollout with that.
6 So what did you discuss with -- did that come up in your
7 interview with Mr. Fortino? And what did he talk about as
8 far as HCM systems?

9 A. I don't recall discussing HCM with Mr. Fortino.

10 Q. You didn't find out if he would potentially be able to
11 roll it out better than Ms. Murzl apparently handled it?

12 A. I did not.

13 Q. This November 19th meeting in 2019 in which Mr. Fortino
14 presented the strategic proposals for the focus on family, I
15 think, what you said was effectively Mr. Fortino was
16 presenting to the Fertittas; is that right?

17 A. I think that's fair, yes.

18 Q. And that you agreed with all the proposals that he
19 presented because -- well, you wouldn't put him in a room
20 with the Fertittas if you didn't back the proposals that were
21 being presented; is that right?

22 A. That's correct. I supported the proposals that were in
23 Phil's presentation. And I don't think we would have had the
24 meeting with any proposal that I didn't support. Wouldn't
25 make sense to present to the Fertittas without a common

1 understanding what we wanted to do among the senior
2 management team.

3 Q. One of the proposals was about paying guest room
4 attendants more. Do you recall that?

5 A. Not specifically, no.

6 Q. Raising resort fees in order to compensate TRAs more?

7 A. That rings a bell.

8 Q. You supported that proposal too?

9 A. Not after it didn't emerge from the meeting with
10 support.

11 Q. How did those meetings, how did decisions get made in
12 those type of meetings? Was it a vote or how does that work?

13 A. It works differently for many decisions. It's not a
14 vote. It is managers presenting views, sometimes presenting
15 contrasting views. Frank and/or Lorenzo asking questions.
16 Sometimes a decision doesn't get made until Frank and Lorenzo
17 talk about it themselves outside the room. Sometimes a
18 decision gets made in the room. It's a not -- non-formulated
19 process. It's pretty fluid.

20 Q. But ultimately the Fertittas are the deciders; is that
21 right?

22 A. I will -- yes, in the sense that they own the Company,
23 and they're the Chief Executive Officer and Vice Chairman of
24 the Company. I don't think that proposals that didn't make
25 sense is something that -- I don't want to basically in

1 answering the question let you think that senior management
2 is neutered. Senior management has a very important role, I
3 think, in what gets presented and what gets decided. But,
4 ultimately, yes, Frank and Lorenzo are the decision makers.

5 Q. That meeting lasted, what, a few hours?

6 A. My recollection is actually quite a bit shorter.

7 Q. How long?

8 A. I would say half hour to 45 minutes.

9 Q. And the material that was discussed in that meeting, it
10 was -- you're familiar with that, right?

11 A. I'm familiar with the deck broadly.

12 Q. The deck. Yeah, and I've heard that phrase. That's
13 what you would call, let's say the strategic, the set of
14 proposals that was provided to everybody for the meeting; is
15 that right?

16 A. Yes.

17 Q. And during that meeting, you went through the deck?

18 A. Not really, no. It was a -- as I recall, I have not
19 looked at it in a very long time, maybe even since November
20 or December of 2019. But it was extensive, and it had a lot
21 of information in it, as I recall. And that wasn't really
22 the way the presentation worked. I think it worked more like
23 Phil said this is what I want to do. This is what it will
24 cost. And this is what I want to do, and this is what it
25 will cost. And I don't want to do this. And he went through

1 kind of a litany of things that he wanted to do. Frank and
2 Lorenzo asked questions, and, yeah, you refreshed me. There
3 was some stuff like probably that was questioned and not
4 approved. But, basically, everything was kind of blessed.
5 And Phil walked out of that meeting an incredibly happy man.

6 Q. Based on the way he looked or what?

7 A. Based on the fact that he walked in my office, and he
8 said that was great.

9 Q. I think you said that unions never came up during that
10 meeting.

11 A. No, the unions didn't come up during that meeting.

12 Q. Culinary Union never discussed?

13 A. Never discussed.

14 Q. But, ultimately, was a cost-benefit analysis as far as
15 whether or not to go forward on those proposals; is that
16 right?

17 A. Every proposal had a cost, and so I'm not sure we framed
18 it as a cost benefit analysis, but I guess you could
19 characterize it that way. I think we just wanted, we -- Phil
20 wanted to present what he thought would be the best way for
21 us to solve our biggest problem which was attracting and
22 retaining top employees, and that was not really focused on
23 any particular union. It was really focused on how are we
24 going to get the best people? How are we going to keep the
25 best people? And, remember, as I said before, that's much

1 more important for us than it is for any other property in
2 Las Vegas. It's not a locals property.

3 Q. So in terms of figuring out whether to move forward was
4 the sky the limit as far as the cost?

5 A. I don't, I don't -- I wouldn't characterize that at all.
6 I think we were aware of costs of everything, and factored
7 that in. And probably even were wondering what changes we
8 might need to make in order to be able to afford this because
9 we always think that way.

10 Q. And, in fact, the cost of these proposals was measured
11 against the -- what it may cost the Company if the Company
12 were unionized throughout by Station -- or by the Culinary
13 Union; is that right?

14 A. I don't recall that.

15 Q. Because there was no talk about the union, right?

16 A. We didn't talk about the union in that meeting, no.

17 Q. Mr. Fortino, did he -- was there a PowerPoint
18 presentation? Was the deck put up on --

19 A. Yeah, it was -- I mean, I think you kind of
20 characterized it well. I think when people say a deck, it's
21 actually a fancy way to say a PowerPoint presentation, and it
22 was -- he just handed it out. It was paper. It wasn't on
23 the screen or anything like that.

24 Q. And you went through the deck for each proposal; is that
25 right?

1 A. Like I said, I don't think we flipped pages in the deck.
2 We might have flipped to a page here and a page there to
3 discuss in greater detail something, but it was -- like I
4 said, it was a voluminous deck, and it's not an effective
5 management tool at Station Casinos to say, okay, turning to
6 page 44. It just -- that's not, just not the way we present
7 things. I don't think it's the way most companies present
8 things. The deck is there for backup and research. But Phil
9 presented his proposal, and he basically, I think, presented
10 it here's what I want to do. Not our looking at page 7, 9,
11 13, 45 and 77, but just by saying this is what I want to do.
12 And Frank and Lorenzo and other managers would ask questions,
13 and then move down the list.

14 Q. Each person had a copy of the deck, right?

15 A. Yes. As I recall that's usually the way we do it.

16 Q. You were already familiar with the deck before going
17 into the meeting, right?

18 A. I was. I had discussed it with Phil.

19 Q. And you had reviewed the contents in the deck, right?

20 A. Yes, I had.

21 Q. And, in fact, during that meeting, the decks just didn't
22 sit on the table closed in front of everybody, right?

23 A. To be honest with you, they might have sat on the table
24 closed in front of Frank and Lorenzo. They might have sat on
25 the table closed in front of a bunch of people. I would

1 guess, though, that -- well, you don't want me to speculate
2 or do you?

3 Q. Well, you were there. I'm just wondering what you saw.

4 A. You mean -- I don't recall a page flip at all. I don't
5 recall pointing to page 27, and saying here is this issue or
6 here is that issue. I recall Phil orally presenting it. The
7 decks were there for reference and resource, but it wasn't a
8 page turning exercise.

9 Q. But pages were turned, right?

10 A. I mean, to be really specific, probably not. Probably
11 if someone asked a question, Phil would say, on page 7 is
12 this. But we were not turning pages, and going through the
13 deck that way. That's just -- that's not the way meetings at
14 Station Casinos or most places work.

15 Q. Sure. And, I guess, maybe there might be some breakdown
16 into -- from my question to your answer, but I'm not
17 wondering if you, you know, page 1, page 2. What I'm
18 wondering is -- people open the deck and reviewed the
19 material throughout; is that right?

20 A. I, well, okay, I see what -- I'm sorry. I'm not -- I'm
21 sort of -- I was quibbling with the concept of we flipped
22 pages 2 to 3 to 4 to 5, and that didn't happen. Certainly,
23 if there were something specific to focus on, we would have
24 said let's look at page 9, and that's where we discussed
25 raising resort fees. That's the -- that was what would have

1 happened. It was not, okay, turning to page 43. That's the
2 point I'm trying to make. And that's probably why you -- the
3 meeting was 30 to 45 minutes instead of however many --
4 however long it would take to flip through and talk about
5 every page.

6 Q. So Mr. Fortino wasn't robotic in his presentation as far
7 as flipping pages, but he certainly discussed the items
8 within the deck, and people at times looked at the material
9 in the deck. Would that be a fair way to describe what
10 happened?

11 A. I think it would be fair to say that he discussed the
12 material in the deck, and I would be surprised if at some
13 point we didn't open up the deck, and look at a page here or
14 a page there or five pages here or there. But the deck
15 wasn't the focus of the meeting. Phil's presentation was the
16 focus of the meeting.

17 Q. And the dollars and cents that was a focus of the
18 meeting, right?

19 A. I think -- I don't, honestly, don't recall the dollars
20 and cents being the focus of the meeting. I do think the
21 cost of the benefits individually and in the aggregate was an
22 important thing because benefits have costs, right. But I
23 don't think that -- I think the idea was this is what we need
24 to do to attract and retain the best employees in Las Vegas,
25 whether it's managerial, whether it's hourly.

1 Q. And this is what we need to do in order to avoid the
2 exposure of entering into collective-bargaining agreements
3 with the Culinary Union, isn't that right? That was part of
4 the discussion, right?

5 A. I don't recall that being part of the discussion at all.

6 Q. Give me just a second. I'm going to share my screen
7 with you in a second.

8 A. Okay.

9 Q. Okay. Mr. Welch, can you see what I've shared with
10 you --

11 A. Yes.

12 Q. -- on the screen?

13 A. I'm sorry. I have really bad eyes, but I can see that.

14 Q. Okay. Let me know if I need to make it any bigger or
15 anything like that. But what I've pulled up is General
16 Counsel's Exhibit 69k page 24 of 30. And you've seen this
17 before, right?

18 A. I don't recall if I have, but, yeah, I don't recall
19 seeing this before, but that doesn't mean I didn't.

20 Q. Okay.

21 JUDGE WEDEKIND: What page is this?

22 MS. DEMIROK: This is page 20 --

23 JUDGE WEDEKIND: That was 23?

24 MS. DEMIROK: Yeah. Well, 23 is the original marking
25 page number, and but it's also marked 24 of 30.

1 JUDGE WEDEKIND: Okay.

2 Q. BY MR. LOMINACK: So you don't recall ever seeing this,
3 Mr. Welch?

4 A. I don't.

5 Q. How about this one? I'm -- just moved up to page 22.

6 A. I don't recall the page. I definitely recall the
7 concept.

8 Q. And I'm going to move up to the very first page. You
9 know what this is, right?

10 A. This is -- this appears to be the deck that we referred
11 to.

12 Q. The deck that you reviewed in the past, right?

13 A. Yes.

14 Q. The deck that was used in the meeting on November 19,
15 2019, right?

16 A. I believe so. Certainly the cover page of that deck.

17 Q. Now, I'm going to go back to -- well, here's just one I
18 came across, a reference to the Union again, page 3 of 30.
19 So must show Union. You see that on the top?

20 A. I do see that.

21 Q. So was there any discussion about having to negotiate
22 anything with the Union or anything to that effect?

23 A. There was no discussion of that. I think what that
24 reflects is my understanding that if, in fact, we wanted to
25 implement that benefit, we would have to engage in some sort

1 of bargaining with the Union on it. That's what I think must
2 show Union reflects.

3 Q. You didn't talk about that at the meeting?

4 A. I don't recall that, no.

5 Q. There's a few other ones that I want to ask you about.
6 We touched on this, but this is page 13 of 30. This is the
7 proposal relating to the raising resort fees to pay GRAs
8 more.

9 A. Right.

10 Q. You're familiar with that one, right?

11 A. Yes, broadly.

12 Q. And, again, you've seen this before as part of the deck,
13 right?

14 A. I must have, yes.

15 Q. And it mentions non-Union. Proposal was for the non-
16 union properties, not for the unionized properties; is that
17 right?

18 A. Proposal for non -- yes, correct.

19 Q. So what did you guys say about that in the meeting?

20 A. Not a word.

21 Q. All right. Here's another one, page 19 of 30. This
22 relates to the changes to the HMO that were being proposed;
23 is that right?

24 A. It appears to, yes.

25 Q. And one of the proposals was -- well, you see these

1 three lines at the bottom associated with three different
2 costs? Do you see that?

3 A. I do.

4 Q. One of them is related to a culinary-like plan. You see
5 that?

6 A. Yes, I do.

7 Q. That's a reference to Culinary Union, right?

8 A. I think it's a reference to the Culinary Union's health
9 plan, yes.

10 Q. And the situation talks about Union promises to
11 employees. Do you see that?

12 A. Says, Union promises team members. Is that where you're
13 referring to?

14 Q. Yeah. Team members, workers, employees. I mean, you
15 take that to mean the same thing, right?

16 A. Well, team members is actually what we refer to ours
17 specifically as. So that's what -- as opposed to something
18 more general or generic. Yes. Our team members are our
19 employees.

20 Q. Okay. So nothing was discussed about the situation on
21 this HMO update proposal sheet?

22 A. No.

23 Q. And nothing was discussed about the Culinary Union
24 offering certain HMO benefit?

25 A. Nothing was discussed about the Culinary Union offering

1 an HMO benefit? I don't, I don't think so. I don't think
2 anything was discussed about the Union at all in this entire
3 meeting.

4 Q. So then was this portion would have cost the Company
5 over \$12 million, that was not discussed either then or what?

6 A. If it was, I don't, I don't specifically recall it. You
7 got to understand this is not the first time that senior
8 executives of the Company were considering health care
9 benefits, and the competition effectively that the Culinary
10 was providing in terms of employment at casinos that actually
11 were represented by the Culinary, and did have the Culinary
12 plan. That was our biggest competitor. It was where we
13 competed for team members and their hearts and minds. So
14 it's not like, it's not like anybody in that meeting would
15 have been surprised by the statement Union promises team
16 members a much better medical plan. So we didn't -- I don't
17 think we spent that meeting talking about the obvious.

18 Q. Hearts and minds related to team members, employees that
19 you just referenced, what you're referring to is, like,
20 employees being drawn to the Union for certain reasons; is
21 that right?

22 A. I think what I was referring to is us trying to attract
23 the hearts and minds of the team members by making us the
24 most attractive employer. And to do that, we needed to offer
25 competitive benefits or we wouldn't be able to attract and

1 retain good employees.

2 Q. You said the Culinary Union was your biggest competitor?

3 A. Sure.

4 Q. They're not in the business of operating hotels or
5 casinos are they?

6 A. No, but they're in the business of basically enticing
7 employees with promises of a great health plan, and pointing
8 out to those employees that we don't have as attractive
9 benefits. So that directly competes with us at every
10 unionized property in Las Vegas, every perspective (ph.)
11 unionized property in Las Vegas. And it also is an important
12 factor in us trying to make us as attractive as possible to
13 our employees when they're being told presumably by the Union
14 that we have a much better medical plan.

15 Q. So by offering a better medical plan employees would be
16 less likely to join the Union, right?

17 A. By offering employees a better medical plan and better
18 benefits generally and better training and better all the
19 things that Phil was looking to push forward, we thought we
20 would make ourselves once again the most attractive employer
21 in the Las Vegas market. And it's -- that was 100 percent
22 the strategy, and it's a strategy that we think is actually
23 working.

24 Q. Before I move on from that, I want to ask you my
25 question again because I don't think I got an answer. By

1 offering better benefits to employees -- can't remember the
2 way I phrased it, but by offering better benefits to the --
3 to employees and team members, you knew that they would be
4 less likely to join the Union; is that right?

5 A. Could you repeat that? Sorry.

6 Q. By offering employees better benefits, you knew that
7 they would be less likely to join the Union; is that right?

8 A. I'm not sure that's necessarily correct. I think what
9 we needed to do was offer the right benefits as well as offer
10 a right 401(k) plan, and right free medical center, and right
11 free dental, and right -- all sorts of things that would make
12 us, again, the most attractive employer. I don't think
13 benefits alone or health plan alone is going to do it. It's
14 just a, it's a piece of the puzzle that we were basically
15 trying to put together to make ourselves more attractive than
16 any other employer, many of whom have collective bargaining
17 agreements.

18 Q. So you wouldn't have been able to just give a better HMO
19 plan, and expect employees to not want to join the Union?
20 Is that what you're saying? It would take more than that.

21 A. I'm not saying that the whole -- I'm not saying that.
22 Because what I'm trying to tell you is the Union was not
23 really -- joining the Union or not joining the Union wasn't
24 our motivation. Our motivation was to reestablish a
25 connection with our team members by making us the best

1 employer in Las Vegas. And the way to do that is to make
2 sure that all of the things, whether it's benefits or
3 retirement or health centers or anything like that, make us
4 as a package the most attractive employer. That's what the
5 goal was from -- well, I think it was always the goal. I
6 just think we lost sight of it. And when Finch got put in
7 place, and then got kind of teamed up with Phil, that was,
8 that was where we were pushing to make ourselves the most
9 attractive. And, like I said, I think we've been very
10 successful with that plan.

11 Q. Well, you won the Red Rock election. That's some
12 measure of success, right?

13 A. The measure of success I was actually referring to was
14 the fact that we have very happy team members that we have
15 throughout the recent months been able to attract and retain,
16 team members much better than our competitors. And the fact
17 that our team members just voted us one of the top employers
18 of, of the top employer in Las Vegas. That's really what I'm
19 talking about.

20 Q. And you don't have a third party in between you and the
21 team members, right?

22 A. We do not have a third party between us and the team
23 members at Red Rock.

24 Q. You consider that a good thing, right?

25 A. Yes. We like our direct relationship with our team

1 members. We think it's valuable for them, and valuable for
2 us.

3 Q. So going back to this November 19th date. There was at
4 least discussion about how the benefits that were currently
5 offered at Station Casinos compared to the benefits that are,
6 that are offered with Culinary represented employees, right?

7 A. If there was discussion like that, I honestly don't
8 recall it. My broader sense of that meeting was Phil was
9 saying this is what I want to do, and this will get us to
10 where we want to go. And, frankly, that was a long time ago
11 that meeting.

12 Q. So you don't remember whether or not the Culinary
13 Union's benefits were discussed at that meeting?

14 A. I think --

15 MR. LOMINACK: Objection. Asked -- objection. Sorry.
16 Objection, asked and answered.

17 JUDGE WEDEKIND: Overruled.

18 Go ahead, Mr. Welch.

19 THE WITNESS: Thank you. As I, I think I've said, I
20 don't think we discussed the Culinary Union at all at that
21 meeting.

22 Q. BY MS. DEMIROK: Next page 20 of 30. I'm going to
23 rotate this so you can see it better.

24 A. Thank you.

25 Q. Can you see this on your screen?

1 A. Yes.

2 Q. Okay. There's another reference to Culinary. Do you
3 see that?

4 A. I see there's a reference to Culinary-like plan.

5 Q. And here we have a reference to the non-Union
6 properties. Do you see that?

7 A. Can you remove the highlighting for a second? I'm
8 having trouble reading through that.

9 Q. Yeah. Here you go.

10 A. Okay. I see that.

11 Q. And then --

12 A. Is there a question?

13 Q. -- towards the end there's another -- the word Union is
14 there again. See that? I just highlighted again.

15 A. Oh, yes, I see the word Union appears twice; once in the
16 context of non-Union, one in the context of just Union.

17 Q. Look at the asterisk down at the bottom, second one,
18 there's another reference to non-Union and another reference
19 to Union.

20 A. Sure. I do see that.

21 Q. None of that was discussed at the meeting?

22 A. No. Not that I recall.

23 Q. Moving on to the next page 21. Make this a little
24 bigger. Here what we're looking at is basically a comparison
25 between the Station Casinos medical benefits at that time.

- 1 A. Right.
- 2 Q. Compared to what was being proposed; is that right?
- 3 A. Yes.
- 4 Q. And what was being proposed is similar to a Culinary
5 like plan, right?
- 6 A. Are you referring to new plan with zero deductible?
- 7 Q. Right.
- 8 A. I -- about as much as I can kind of give you on that is
9 zero deductible plan is actually consistent with what I
10 understand the Culinary plan to be.
- 11 Q. You don't remember if what was being proposed aside from
12 what you see in the document, but what was being proposed was
13 a plan that was in comparison to the Culinary plan; is that
14 right?
- 15 A. Well, certainly this would indicate that. Like I said,
16 I don't really recall discussion about the Culinary plan at
17 this meeting at all.
- 18 Q. I didn't point this out -- but, again, my question was
19 you -- what was being -- you did know at that time that what
20 was being proposed was a new plan that was much more in line
21 with the Culinary plan; is that right?
- 22 A. My kind of understanding of what was being proposed was
23 a new set of benefits including new health care plans that
24 were superior to the Culinary plan.
- 25 Q. Even better, right?

1 A. Even better, yeah.

2 Q. And then up here again, on page 20 -- still on 21,
3 there's a bit smaller, I'm going to put a highlight on it,
4 Culinary plan. Do you see that phrase?

5 A. I do.

6 Q. That's up at the very top. And then, oh, here we go
7 again, Culinary plan. Do you see that?

8 A. I do.

9 Q. Again, no talk about that at the meeting?

10 A. Yeah. Like I said, I'm not sure we actually touched
11 this page at all during the meeting. I'm quite -- I'd
12 probably be quite certain that we didn't.

13 Q. No one wanted to see a side-by-side comparison of what
14 benefits were being proposed to being offered compared to
15 what was being offered at that time?

16 A. No. I, as I mentioned, that's not the way the meeting
17 was conducted. We didn't flip pages and look at the side-by-
18 side. I think Phil just presented it orally, and people
19 asked questions, and that was that.

20 Q. It didn't really matter what the exact benefits were
21 being offered as long as it, what, was going to do the job?

22 A. I wouldn't characterize that that way, no.

23 Q. I am now on page 22, and this one is the proposal
24 related to the salaried medical tiers. You're familiar with
25 that proposal, right?

1 A. Yeah.

2 Q. And that's the proposal where essentially those who make
3 more money pay more premium towards the health benefit.

4 A. Right.

5 Q. Versus those who make less money would pay less, right?

6 A. Correct. This is an example of finding for ways to
7 actually pay for some of the benefits. This is an idea Phil
8 had, which we -- I don't recall ever having thought about
9 before, but was a way to improve benefits, but also make them
10 more fair.

11 Q. And Phil at times, maybe not at that meeting on November
12 19th, you don't remember, but you had talked to him about
13 this idea prior, right?

14 A. About the concept of salaried medical tiers?

15 Q. Right.

16 A. Yes, I did. I thought it was a fantastic idea.

17 Q. And in addition to making things more fair for
18 employees, Phil told you at times that it was a way of taking
19 away the emotional draw for employees to the Union; is that
20 right?

21 A. I'm not sure he ever used the phrase emotional draw with
22 me. Frankly, that almost doesn't sound like something that
23 would come out of Phil's mouth. Having said that, we were
24 all very aware because we had been through multiple union
25 elections where the benefits of the union plan were touted to

1 our team members, and that got traction. So it's not like
2 Phil was telling us something that we were unaware of. It
3 was --

4 Q. Is it fair to say the whole executive team knew that
5 health benefits was a draw for the employees, right, to the
6 Union?

7 A. The entire executive team knew that the Union's health
8 care plan was more attractive than ours, and if we wanted to
9 attract and retain the best people and defeat the competition
10 in doing that, we needed to have a plan that was more
11 attractive to our team members.

12 Q. And you already said the Union was one of your biggest
13 competitions. So in order to defeat the Union in other
14 words?

15 A. In order to make ourselves more attractive. I don't
16 think we really looked at things in terms of beat the Union.
17 What I think is to make us more attractive to our team
18 members we need to offer the most competitive pay and
19 benefits. And one of the ways to do that is to offer them
20 very attractive health care.

21 Q. And you said that Mr. Fortino doesn't really sound like
22 him to use a phrase like emotional draw, but does he use
23 things like taking power away? Is that more like what he
24 would say?

25 A. Again, this whole phrase doesn't really feel like Phil.

1 But take away Union power, it's possible he used that phrase.
2 Certainly on the degree of likelihood it sounds like
3 something he'd be more likely to say than major emotional
4 draw, but I don't ever recall him saying take away Union
5 power.

6 Q. Those words are in this proposal, right?

7 A. Yes.

8 Q. And, again, and it's in red too, right, kind of
9 attention grabbing?

10 A. Yes.

11 Q. But you never talked about that in the meeting on
12 November 19th?

13 A. We did not.

14 Q. Because you all already knew that?

15 A. Well, for the reason I already stated in my prior
16 answer, and the fact that we did not flip pages. So we
17 didn't talk about taking away Union power or major emotional
18 draws. We didn't talk about the Union at all as far as I
19 recall.

20 Q. You did talk about though at what level to, like, the
21 different salaries, and how much employees would make, and
22 where to cap certain proposals; is that right?

23 A. Could you repeat that? Sorry.

24 Q. Sure. And, actually, I'm going to -- I want to rephrase
25 it all together. So in terms of the salaried medical tiers

1 one thing that you guys did talk about was, like, at what
2 level of employee and what they get paid, that they should
3 pay either nothing or less versus at a certain salary range
4 they would pay more, right?

5 A. I'm not sure that's correct.

6 Q. Okay. Did you talk about wanting to reduce or lower
7 what it cost team members who reside in Union type positions?

8 A. That's closer to correct. What I recall the discussion,
9 and I, frankly, can't recall whether it was prior to the
10 meeting or in the meeting, but what that what we could do
11 here is basically make the changes that we wanted to make to
12 be as attractive as possible to as many team members as
13 possible by having the more senior people pay more. And it
14 was something we hadn't actually ever thought about or
15 considered that I was aware of, and I was fully supportive.

16 Q. And with that, it was the employees working in union
17 type positions that would payless. You guys talked about
18 that, right?

19 A. It was definitely employees in hourly position, and it
20 goes at least in my mind right back to Lorenzo saying holy
21 smoke how is a cook supposed to pay a \$400 deductible on an
22 MRI? Kind of what's wrong with you guys.

23 Q. You know what I mean when I say union type position,
24 right?

25 A. Well, I'm aware of what -- the positions that we have at

1 our properties are at Red Rock that are union positions, yes.

2 Q. And I'm not the only one that uses -- that you've heard
3 use that phrase when talking about these focus on family
4 benefits, right?

5 A. I'm sure not.

6 Q. In fact, it's in the strategic proposal on this page 22.
7 If you look at the last bullet point at the top in the
8 situation you see that?

9 A. Yes, I do.

10 Q. I think this page is where we started out when looking
11 at this page 24 of 30. You're familiar with the contents of
12 this, right?

13 A. Very broadly.

14 Q. And the concept of what we're looking at here, I guess,
15 the way that I would summarize it is that -- well, down at
16 the bottom, cost exposure with a union contract. What that
17 would -- means is it would cost -- cost the Company over \$25
18 million if Culinary Union had organized across the Station
19 Casinos properties, right?

20 A. Yeah. I think making, making those assumptions.

21 Q. Well, not just organize, but also like get a contract in
22 the long haul, right?

23 A. Right. Making those assumptions, yes.

24 Q. Collective-bargaining agreements is what contract refers
25 to; is that right?

1 A. I believe so, yes.

2 Q. And, by the way, even though the Culinary Union has won
3 several elections at various Station Casinos properties,
4 there is not a collective, not a single collective bargaining
5 agreement with the Culinary Union is there?

6 A. There is not, no.

7 Q. Okay. So as of right now, Station Casinos have avoided
8 all of this cost exposure that we see here on page 24; is
9 that right?

10 A. I don't think so, no.

11 Q. You don't think that's right?

12 A. I think that's wrong.

13 Q. But, I mean, the costs associated with this page relate
14 to what it would cost if there was a contract with the
15 Culinary Union, correct?

16 A. I think what this page refers to is what a culinary
17 contract making certain assumptions would cost over what
18 current Station Casinos costs for similar plans is, resulting
19 in a cost exposure with union contract of \$25.967 million. I
20 actually think that we probably have spent more than that on
21 our team members. Because, like I said, the point is not to
22 merely beat the Union contract. The point is to attract and
23 retain the best team members, and that is what our goal is,
24 and that's what we've achieved.

25 Q. Okay. I wasn't asking about the point of anything, but

1 I just wanted to clarify that Station Casinos does not have
2 any contract with the Culinary Union, right?

3 A. Yeah. We do not have any contract for the Culinary
4 Union.

5 Q. At any of the properties, right?

6 A. We are negotiating at several of the properties, but we
7 do not have a contract at any of the properties.

8 Q. And so any of the costs associated on this page 24,
9 potential exposure to the Company, those costs, as laid out
10 on this page so far the Company has avoided these costs; is
11 that right?

12 A. That's what you asked before, and I told you that was
13 incorrect.

14 Q. Because you've spent other money in avoiding a contract
15 with the Culinary; is that right?

16 A. I also told you that was incorrect.

17 Q. How is it incorrect that these costs that we see on page
18 24 -- I mean, that's what you would -- that's what the
19 Company would pay in to health and welfare if there was a
20 culinary contract, right, the very first thing?

21 A. Yeah. That top half of the page talks about what, I
22 guess, Phil estimated the costs were of having a union,
23 Culinary Union contract across all properties. I'm guessing.
24 There's not really a frame of reference for that, but I'm
25 guessing that's what that must refer to.

1 Q. And the pension plan, that would be a cost if Station
2 Casinos had collective bargaining agreements or a collective
3 bargaining agreement with the Culinary Union, right?

4 A. Well, you, you know, you've actually raised a question,
5 which I'm not sure what the answer is, whether this actually
6 refers to what the cost if it were properties that we were
7 bargaining with at the time November 19, or if it's the cost
8 across all of our properties, assuming that there was a
9 petition filed, and election, and that we lost it, and that
10 we bargained for a contract with the Culinary. I'm not sure
11 what this refers to. In other words, 4 properties or 2
12 properties or 10 properties. But I will say what I
13 understand the top to be is what Phil estimated a cost of
14 entering into a CBA to be. Whether that's for 2, 5 or 10
15 properties, I don't know.

16 Q. And that cost is actually over \$100 million is what
17 Mr. Fortino estimated it to be; is that right?

18 A. That's what he estimated it to be had we entered into at
19 the beginning of 2019 a union contract, and had that union
20 contract running for the entire year of 2019, that
21 assumption, yes.

22 Q. And the bottom portion is what Station Casinos was
23 paying at that time for the various benefits that would
24 change hypothetically if the Company entered into a
25 collective bargaining agreement with Station Casinos; is that

1 right?

2 A. Yes. That appears to be the current costs for similar
3 plans for Station Casinos.

4 Q. Not similar, but they were the current, the cost of the
5 current benefits. A snapshot in time. That's what the
6 Company was paying in November of 2019.

7 A. I'm just, I'm just reading the page, which says current
8 Station Casinos costs for similar plans.

9 Q. Okay. So this \$25 million that looks like a difference
10 between the two sets, right?

11 A. It looks like a difference between the assumptions at
12 the top, and the -- what may be assumptions at the bottom,
13 yes.

14 Q. So you said before the sky wasn't the limit as far as
15 the budget for the strategic proposals, right?

16 A. Correct.

17 Q. So was that the budget, \$25,967,569?

18 A. No. That's why -- that's sort of what I'm referring to
19 when I said you were kind of incorrect before. I think we've
20 probably spent much more than 25 million .967.

21 Q. You went over budget?

22 A. It wasn't a budget.

23 Q. And, again, this whole page relates to the Culinary
24 Union; is that fair to say?

25 A. I think it's fair to say that Phil put together an

1 assumption of what a minimum annual union cost would be, and
2 it probably includes not only the Culinary Union but other
3 unions that have been interested in organizing our team
4 members. I think it's his estimate of if our entire system
5 went unionized with Culinary and other unions what the cost
6 would be.

7 Q. You didn't talk about that at all at the meeting?

8 A. No.

9 Q. Now, you say other unions too but, I mean, you know that
10 the -- where he got the information, like, 4.98 per hours
11 related to health and welfare, that's a pretty specific
12 number, right?

13 A. I'm guessing he pulled that out of some CBA that was in
14 the market.

15 Q. A CBA with the culinary people, right?

16 A. I would assume so, yes. In fact, I would be shocked if
17 that weren't the case.

18 Q. Page 25 of 30. This one relates to the 401(k) proposal;
19 is that right?

20 A. Yes.

21 Q. First line, the Union. You guys didn't talk about that?

22 A. No.

23 Q. Key point. Employers pay Culinary Union 1.305 per hour
24 paid for its pension plan. You guys didn't talk about that?

25 A. No.

- 1 Q. You didn't talk about the key point?
- 2 A. We didn't flip pages.
- 3 Q. And that's not the key point that Mr. Fortino made when
- 4 making his presentation?
- 5 A. I don't recall him making this point, no.
- 6 Q. Here, the underlined portion. This would help
- 7 incentivize team members in these positions to not vote for a
- 8 union. That's the only part that's underlined, but you
- 9 didn't talk about that either?
- 10 A. No.
- 11 Q. Or offsetting potential pension payments that the
- 12 Company would incur if they -- if it was -- if employees did
- 13 unionize? Again, you didn't talk about that portion?
- 14 A. I don't recall talking about anything on this page.
- 15 Q. Anything on the page?
- 16 A. I don't recall talking about anything on this page.
- 17 Q. You didn't talk about vesting?
- 18 A. I don't believe so. No.
- 19 Q. No? You didn't talk about when the contributions would
- 20 kick in?
- 21 A. That we did talk about.
- 22 Q. You didn't talk about how much it would cost if you --
- 23 if the Company did it at all properties versus the non-
- 24 unionized properties?
- 25 A. Not that I recall.

1 Q. Was Mr. Cootey involved in the conversation?

2 A. Mr. Cootey was definitely at the meeting, and I assume
3 he was involved in the conversation. I don't recall him
4 specifically talking about anything in particular.

5 Q. He's a major -- he's the main finance guy, right?

6 A. He's the Chief Financial Officer, yes.

7 Q. But I mean the Fertittas are also interested in finances
8 to a large degree; is that right?

9 A. I think everybody is interested in finances to a large
10 degree.

11 Q. But you never talked about the difference, like, the
12 \$12 million difference in what it would cost the Company to
13 either have the Company go with the Union's pension plan,
14 which is right at the bottom there, or the \$9.9 million cost
15 for all team members at all properties versus the 1.6
16 million? You guys didn't talk about that?

17 A. To the extent that we talked about anything like that it
18 was, I think, merely for comparative purposes. This is what
19 we can do. This is what it would cost. But it was high
20 level. We didn't go line-by-line. We didn't, at least I
21 don't recall, any discussion of text this in, text this out,
22 this is the cost of that. This represents a lot of work on
23 the part of Phil and his team that wasn't addressed at the
24 meeting.

25 Q. But the whole basis for the difference in these numbers,

1 and what I'm referring to are the set of numbers down at the
2 bottom of page 25. The whole -- the basis for the difference
3 in those numbers all relate to the Union. Non-union
4 property, unionized property or one with Culinary Union.
5 There's really no other basis for the difference in the
6 numbers. Would you agree with that? In one way or the other
7 it relates to the Culinary.

8 A. Yeah. I'm not, I'm not sure what the second one cost
9 for all team members at all properties under 40K refers to.
10 Because there's certainly three of those four lines have a
11 reference to union in them. I will kind of happily concede
12 that we were very aware of the Union benefits as we were
13 looking at what plan to put in place for our team members.
14 Because as I stated before, the Union effectively represents
15 competition for our team members.

16 Q. And that was discussed at the meeting, right?

17 A. No.

18 Q. You know that Culinary Union one of the things they do
19 when they organize employees is distribute buttons.
20 Employees wear buttons. You know that, right?

21 A. Yeah. I'm broadly aware of that, yes.

22 Q. You've seen them before, right?

23 A. I have seen buttons before, yes.

24 Q. People working at Stations have on occasion talked to
25 you about employees wearing buttons?

- 1 A. On rare occasions, yes.
- 2 Q. Now, after -- well, were you at the meetings that were
3 always new focus on family benefits first announced?
- 4 A. I was not.
- 5 Q. And but you know that they were first announced at Red
6 Rock, right?
- 7 A. Yes.
- 8 Q. On December 10th, is that correct?
- 9 A. I'd have to take your word for it.
- 10 Q. And you learned at some point after the announcement
11 that employees were taking their buttons off, right?
- 12 A. I did.
- 13 Q. And you informed some of the other executive team
14 members of that, right?
- 15 A. I did.
- 16 Q. That was an important thing to tell them?
- 17 A. Yes.
- 18 Q. Why?
- 19 A. Because it was a reflection of the fact that our goal in
20 making ourselves attractive to our team members through our
21 benefit package was actually successful. It was a sign that
22 we were on the right road to attracting and retaining the
23 best team members that we could. It was a sign that we were
24 on the road to once again being the top employer in Las
25 Vegas.

1 Q. It was a sign that employees would not join the Union
2 because the Company was giving them what they were looking
3 for; is that right?

4 A. I wouldn't characterize it that way, no.

5 Q. But it's at least fair to say that it was a sign that
6 employees were not supporting the Union as they were after
7 they learned of the benefits; is that right?

8 A. I think it is at least fair to say that the employees
9 didn't want to demonstrate any loyalty to the Union that they
10 do demonstrate by wearing buttons after hearing about the
11 benefits that we were proposing to roll out. I think it's
12 more fair to say that the employees believed that we were
13 taking care of them, which is what I think employees want
14 their employer to do.

15 Q. So mission accomplished, right?

16 A. No. I wouldn't say mission accomplished. I would say
17 that that was progress on our longstanding desire to put
18 ourselves back in the place where we were. We had a real
19 connection with our team members, and we were considered the
20 employer of choice.

21 Q. And in terms of progress, winning the Red Rock election
22 was also a step in that progress in that direction. Is that
23 fair to say?

24 A. Winning the Red Rock election was important. It was a
25 reversal of a trend that had started when I think we went

1 into Fiesta Henderson, and conducted a better campaign. And
2 winning Red Rock was a sign that we were doing things right,
3 and it was resonating with our team members.

4 Q. Mr. Welch, I touched on this, but just so we're all on
5 the same page, and for the record's sake, I'm going to show
6 you what's been previously entered as General Counsel's
7 Exhibit 241. This is a screen shot or a picture of a -- of
8 your, your -- not your phone, but this is a picture of a text
9 message on a phone that you sent; is that right?

10 A. Yes.

11 Q. And this where it says Jeff Welch that's you on the
12 left-hand side; is that right?

13 A. That is me who is doing that communication.

14 Q. Okay.

15 A. Oh, could you put that back? I was just going to take a
16 look, and see who I sent it to.

17 Q. Oh, sure. Yeah, that might be good for all of us to
18 hear. So up here you have on the, the bubbles up at the top.
19 You're familiar with an iPhone, how that works, right?

20 A. Yes. That's my iPhone.

21 Q. Well, if it was your iPhone, wouldn't your message be on
22 the right-hand side in blue?

23 A. Oh, you're right. That's not my iPhone. That's just me
24 sending it to someone's iPhone.

25 Q. Yeah.

- 1 A. Yeah. I'm sorry.
- 2 Q. And then but up at the top we can kind of decipher who
3 is on this. This looks like a group text, right?
- 4 A. Oh, I can't decipher from that. It's definitely a group
5 text. I'm looking at the top right of the page where it says
6 who it was.
- 7 Q. Right. The typewritten on the upper right-hand corner?
- 8 A. Yes.
- 9 Q. And if we look, that does really correlate with these
10 bubbles that we see on the screen itself; is that right?
- 11 A. Yeah. I can't actually read the bubbles on the screen.
- 12 Q. Let me -- little bitter. Well, there's a big F, right?
- 13 A. Yeah, there's a big F. R H. And I can't read the other
14 ones.
- 15 Q. J W. Can you make that out?
- 16 A. No. But I believe it's there.
- 17 Q. Okay.
- 18 A. Yeah. The only two that are readable are the F and the
19 R H for me.
- 20 Q. And the R H, Richard Haskins, that's who that would be?
- 21 A. I assume so. That's someone else's phone. So I think
22 on my phone Richard Haskins was just H. But I'm assuming
23 that that must be Richard Haskins on somebody else's phone.
- 24 Q. Do you know of someone named Bailey Schulz?
- 25 A. I know of Bailey Schulz. I've never met Bailey Schultz.

1 Q. Okay. Yeah. Bailey Schulz, she's -- is it a she?
2 A. It's a she.
3 Q. Okay. That's what I thought. She works with the *Review*
4 *Journal*, is that right?
5 A. No.
6 Q. No?
7 A. She used to work with the *Review Journal*.
8 Q. Oh. When did that change happen? Do you know?
9 A. I believe it was sometime in the last couple of months.
10 Q. And she, well, she's a reporter -- was a reporter for
11 the *Review Journal* in the Las Vegas area; is that right?
12 A. Yes.
13 Q. And she's a reporter that Station Casinos has had a
14 history of working with; is that right?
15 A. I guess. I mean, I work with a lot of reporters. So
16 I'm not sure what you mean a history of working with, but
17 she's a reporter that I do know that reached out to us on
18 stories a lot, and we've -- with her from time-to-time.
19 Q. Someone mentioned that Station Casinos worked with her.
20 I thought maybe there was some sort of relationship there.
21 A. Not other than reporter source of news as far as I know.
22 I've never actually spoken to her writing and asking us
23 questions from time-to-time.
24 Q. I meant time-to-time. And what's his name, Michael
25 Britt?

1 A. Michael Britt. Yes. He's our press liaison person, if
2 you will.

3 Q. So he would be the one who would be in communication
4 with people like Bailey Schulz; is that right?

5 A. Yeah. He's responsible for kind of press relations
6 generally.

7 Q. And on occasion it's not the papers or the reporters who
8 reach out to Station Casinos, but you know that sometimes
9 Station Casinos reaches out and sends information to
10 reporters, right?

11 A. Yes.

12 Q. Maybe even in the form of a press release at times,
13 right?

14 A. Yes.

15 Q. But not necessarily a press release; is that correct?

16 A. That's also correct.

17 Q. In fact, and Bailey Schulz was one of the main contacts
18 for those sort of things before she stopped working for the
19 *Review Journal*?

20 A. I'm not sure that would be accurate. Remember, Las
21 Vegas is not heavily newspaper. There's the *Review Journal*,
22 and there is *The Sun*, and that's it. So when there's one
23 business reporter at the *RJ* saying someone is the main
24 contact I'm not sure that's just -- that's fair. That's just
25 she was there.

1 Q. Got you. You mentioned the *Review Journal* is the -- is
2 where this voted top employer recently came from.

3 A. That's my understanding. Yes.

4 Q. For which year, 2020 or 2021?

5 A. Good question. I just heard about it recently. So I
6 would assume it was something that was voted on recently or
7 published recently. But I actually haven't seen the results
8 myself.

9 Q. But you know it was with the *Review Journal*?

10 A. That's what I was told. I don't know firsthand.

11 Q. Yeah. Who told you that?

12 A. I think Phil Fortino told me that. He was very proud.

13 Q. Retention seemed like a high priority for the Company.
14 Would that be fair to say?

15 A. Very high priority.

16 Q. The Company didn't retain employees after 90 days of
17 being laid off due to the COVID closure, right?

18 A. I think we're referring to retention in two different
19 ways. When I say retention is important, I mean having your
20 employees not leave. In the period from 2018 through
21 probably up to when we announced our benefits in late 2019,
22 we had extraordinarily high losses among employees, which is
23 extraordinarily expensive for us because we have to hire, and
24 we have to train. And we were doing a very, very bad job of
25 both attracting high quality employees because of our hiring

1 practice, practices, and retaining employees because they
2 were finding better things with our competition. And I'm
3 happy to say that we've actually turned that around. Part of
4 the plan is we believed that we have fared much better than
5 most of our competitors in terms of both retaining employees,
6 post the pandemic, and in the last year since we reopened
7 with most of our properties. We've done way better than we
8 think our competition did. And we're actually feeling like,
9 again, our strategies work.

10 Q. So part of the problem with having a high turnover rate
11 is the -- what, the -- what it, what the Company has to put
12 into hiring and, well, training new employees; is that part
13 of why --

14 A. It's only part of the problem but, yeah, it's part of
15 the problem.

16 Q. But instead of offering employees their jobs back after
17 90 days from the closure, the Company started rehiring -- or
18 they didn't call them back. You hired new people, right?

19 A. We've actually called back over 1500 of our former
20 employees.

21 Q. But, yeah, some of them came back because they were
22 recalled, right?

23 A. Or rehired; one of the two.

24 Q. If they applied, and then they happened to get rehired,
25 right?

1 A. If they applied, and they were -- yeah. Or we would
2 call them back, and ask them to get rehired, ask them to
3 apply.

4 Q. Certain employees, right?

5 A. Actually, we have published and listed for all kind of
6 employees, and most of the employees that have been in
7 newspapers like the *RJ* and others are those employees who
8 actually never applied for any single job at Station Casinos
9 in the last six months.

10 Q. What do you mean by that most of the employees who were
11 in the newspapers?

12 A. What I mean by that is in connection with SB-386, which
13 the Culinary Union advocated for, they had a number of our
14 former employees make press statements, make statements in
15 front of the Nevada legislature, make statements in front
16 of -- United States Congress, effectively saying Station
17 Casinos won't bring me back to my job. This is why you
18 should pass the right to recall statute. And every time one
19 of those employees would appear, we'd actually look at our
20 records, and we'd say, did they ever even bother to apply for
21 an open job? And we've had many of them that have been
22 unfilled. And most of these employees did not or only did
23 substantially concurrently with their testimony in front of
24 the Nevada legislature or Congress or their appearance in a
25 newspaper. So that's what I mean by that.

1 Q. Well, right. So they would have to actually -- they
2 would have to reapply in order to get their jobs back; is
3 that right?

4 A. Yes.

5 Q. So no supervisor or manager was calling employees after
6 that 90-day period saying, hey, you got your job back. It
7 was if you want your job, apply, if they were told anything
8 at all; is that right?

9 A. I don't know -- I'm sorry to -- I stepped over you. I
10 don't know if they were or they weren't. It's entirely
11 possible that a manager would -- who was in need of help
12 would call back people. I know we've had a tough time
13 filling jobs. Like I said, easier than most people, but
14 every employer in the State of Nevada is having a hard time
15 filling jobs, and most of the employers in the country are as
16 far as I understand it.

17 MS. DEMIROK: Your Honor, I might be finished, but if I
18 could have a moment to look through my notes.

19 JUDGE WEDEKIND: Sure. Let's go off for five.

20 MS. DEMIROK: Thank you.

21 **(Off the record from 6:10 p.m. to 6:16 p.m.)**

22 Q. BY MS. DEMIROK: Okay, I've got a few more questions.
23 Mr. Welch, when Mr. Fortino told you about this new award
24 that he mentioned about best employer in Vegas, he told you
25 about the nomination process; is that right?

1 A. I wasn't even aware there was a nomination process. I
2 was just aware that there was a result, and that it was --
3 our team members voted on it, and that we were very happy
4 because it was the sign of concrete progress.

5 Q. And so do you -- you wouldn't know then whether or not
6 in order for a employee to take the survey whether or not
7 someone in human resources had to do something in order to
8 enable that?

9 A. I don't know that, no.

10 Q. Also, something that -- you said Ms. Murzl was not
11 pushed out in your view; is that right?

12 A. I think what I said is Ms. Murzl retired. I wouldn't
13 characterize it as pushed out or not pushed out, honestly.
14 But we had hired a replacement. So you could interpret that.
15 She announced her retirement.

16 Q. Upon learning that she was being replaced, right?

17 A. Yes.

18 Q. And you mentioned a few times the goal for the Focus on
19 Family 2020 strategic plan was to make Station Casinos one of
20 the best places to work in the Las Vegas area, right?

21 A. Yeah. It was to get us back to where we were or and I
22 always thought we should be, which is the employer of choice,
23 the employer of destination.

24 Q. The Red Rock election results validated that goal, would
25 that be fair to say?

1 A. I wouldn't say it validated that goal. I would say that
2 it was a sign that we were going in the right direction.
3 That, and like I say, I think it started with our
4 communications with team members, which started with Bob
5 starting his drill in February or whatever it was of 2019. I
6 think the first concrete sign that we were actually doing
7 well was the Fiesta Henderson election, which we lost. But
8 that the Red Rock election was a sign that things were
9 continuing to move in the right direction, and we were very
10 happy about that. We are very happy about that.

11 MS. DEMIROK: I believe I'm on General Counsel's Exhibit
12 305. Is that my next one, if I could ask.

13 **(General Counsel's Exhibit 305 marked for identification.)**

14 Q. BY MS. DEMIROK: So I'm going to be marking for you this
15 document I'm going to share with you. It's General Counsel's
16 Exhibit 305. And can you see the screen that I've pulled up
17 here?

18 A. Yes, I can.

19 Q. Okay. And at the top here on the first page we have a
20 email from Mr. Nelson to Michael Britt, and then you're
21 copied on it; is that right?

22 A. Yes.

23 Q. And then that's in response to an email that Michael
24 Britt sent. Do you see that?

25 A. Yes, I do.

1 Q. Okay. And this relates to the Red Rock election
2 results; is that correct?

3 A. It does.

4 Q. And at the bottom here we have a blurb that Mr. Britt
5 was going to send to the media in the local area; is that
6 right?

7 A. Yes.

8 Q. Related to the Red Rock election, correct?

9 A. Correct.

10 MS. DEMIROK: Your Honor, I'd move to admit General
11 Counsel's Exhibit 305.

12 JUDGE WEDEKIND: Any objection?

13 MS. WEBER: No objection.

14 MR. LOMINACK: No objection.

15 JUDGE WEDEKIND: It's received.

16 **(General Counsel's Exhibit 305 received in evidence.)**

17 Q. BY MS. DEMIROK: In that press release Mr. Nelson is
18 being quoted as saying that there's no better place to work
19 in Las Vegas, and the election results validate that belief.
20 Do you see that?

21 A. I do see that.

22 Q. That was the position of Station Casinos at the time; is
23 that right?

24 A. That was a press release or at least a draft of a press
25 release that Station Casinos issued, yes.

1 MS. DEMIROK: Your Honor, I do not have any other
2 questions.

3 Thank you, Mr. Welch.

4 THE WITNESS: Thank you, Ms. Demirok.

5 JUDGE WEDEKIND: All right, Ms. Weber.

6 MS. WEBER: No questions, Mr. Welch.

7 THE WITNESS: Thank you, Ms. Weber.

8 JUDGE WEDEKIND: Redirect, Mr. Lominack?

9 MR. LOMINACK: Maybe two minutes off the record, Your
10 Honor, for us to consult.

11 JUDGE WEDEKIND: Sure.

12 MR. LOMINACK: Thank you.

13 JUDGE WEDEKIND: **Let's go off.**

14 **(Off the record from 6:22 p.m. to 6:25 p.m.)**

15 JUDGE WEDEKIND: Respondent, any redirect?

16 MR. LOMINACK: No redirect, Your Honor.

17 Thank you for your time, Mr. Welch.

18 THE WITNESS: Thank you.

19 JUDGE WEDEKIND: Thank you, Mr. Welch. Free to go.

20 THE WITNESS: Appreciate it. Thank you very much.

21 **(Witness excused.)**

22 JUDGE WEDEKIND: All right. Where do we stand at this
23 point?

24 MR. LOMINACK: I think we are done. I think he's our
25 last witness. What I would propose, if everybody is okay

1 with it, take a lunch. There's a couple things Sara and Kim
2 I wanted to talk with you. We can either do it off the
3 record. Doesn't matter if the Judge is involved or not about
4 some of the stipulations kind of where we are on some of that
5 stuff. I want to go back through, and make sure we've kind
6 of covered all of our bases in terms of the exhibits and all
7 I think we, I think we have on our end. But I think we're
8 waiting on a few from you, Sara, is that right, on the
9 transcripts?

10 MS. DEMIROK: Yes, that's right. And I was going
11 through those again last night. I have some that I'm willing
12 to just go with your proposed edits on. We can chat about
13 that, but, yeah, but there are some of those. And then we
14 also have the merged ones, and I had other edits that I sent
15 back to you, and I don't know if those are -- or the Union
16 yet. So there's a little bit more work to be done on those.

17 MR. LOMINACK: Okay. So, yeah, I mean, if everybody is
18 okay with it, I'd like to use a little bit of that time just
19 to make sure. I want to go back through it. I've already
20 done that, but I want to go back through, and make sure we're
21 on the same page, and we can revisit that other stipulation
22 too. And, in fact, since I have Erika here, I can ask Erika
23 about any updated jobs or I can get her to confirm where we
24 are in terms of any jobs that have been added or removed
25 since the last time. Just so we -- as of today or whenever.

1 Of course, I don't know if you have any rebuttal witnesses.
2 So I don't know, that may be premature, but that's my thought
3 for the day.

4 MS. DEMIROK: Yeah. I think that's good. If -- I am
5 99.9 percent sure that I'm not going to be calling a rebuttal
6 witness, but I just want to run that by the Region before I
7 say that on -- give the definite on that one. But, yeah,
8 maybe we can take a lunch, and then maybe the three of us can
9 group together either during that time or right after or
10 something so we can talk about how to work out the loose ends
11 on the stips and the transcripts.

12 MR. LOMINACK: Sounds good to me.

13 JUDGE WEDEKIND: Ms. Weber, how about you? Any
14 rebuttal?

15 MS. WEBER: No.

16 JUDGE WEDEKIND: Okay. So we normally take an hour for
17 lunch. Do you want some additional time after that before we
18 come back or do you want to just come back at 1:30?

19 MR. LOMINACK: I'm fine with 1:30, and I can reach out
20 to Sara and Kim in the meantime.

21 MS. DEMIROK: Yeah, Mike, I wanted to just get this sort
22 of confirmed that I'm not going to do any rebuttal with the
23 Region. That could take, I don't know, maybe 30 minutes,
24 assuming it might take me a little bit to get the right
25 person on the phone. So that's what I would do right now.

1 And then you guys want to maybe round up by phone or
2 something closer to one o'clock?

3 MR. LOMINACK: That works for me.

4 MS. WEBER: Okay.

5 JUDGE WEDEKIND: In any event, we'll come back at 1:30.
6 Is that what you're saying?

7 MR. LOMINACK: Yes, sir.

8 MS. DEMIROK: Yeah.

9 JUDGE WEDEKIND: Okay. Great. **Off.**

10 **(Whereupon, at 12:29 p.m., a lunch recess was taken.)**

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 A F T E R N O O N S E S S I O N

2 (Time Noted: 2:03 p.m.)

3 JUDGE WEDEKIND: All right, Respondent, any further
4 witnesses, evidence at this point?

5 MR. LOMINACK: No further witnesses. Respondents rest
6 their case-in-chief.

7 JUDGE WEDEKIND: Okay. And General Counsel, any
8 rebuttal witnesses?

9 MS. DEMIROK: For the General Counsel, we will not be
10 calling any rebuttal witnesses.

11 JUDGE WEDEKIND: How about for the Union, Ms. Weber?

12 MS. WEBER: No rebuttal.

13 JUDGE WEDEKIND: Okay. All right. So we do have some
14 outstanding issues relating to transcripts of the audio
15 tapes, certain exhibits.

16 Ms. Demirok, why don't you tell us on the record what's
17 the plan with respect to those?

18 MS. DEMIROK: Yes, Your Honor, so after conferring with
19 the parties, there are still a few minor loose ends that we
20 would like some time to confer additionally about, but we're
21 -- it seems like we're going to be reaching agreements on the
22 transcripts related to the audio recordings. And also
23 there's an outstanding stipulation related to the
24 appropriateness of the unit as it relates to the complaint.

25 One thing we didn't mention off the record, but there's

1 another stipulation that we may put in regarding the timing
2 of all the various elections for background purposes. And
3 what we would like to do, Your Honor, is gather on a day that
4 we have previously scheduled for next week on Wednesday the
5 16th, and we would reconvene then, put in the additional
6 stipulations or other documents that might be outstanding,
7 and close the record at that point.

8 JUDGE WEDEKIND: Everybody agree with that? Anything to
9 add?

10 MS. WEBER: No.

11 JUDGE WEDEKIND: Okay, Respondent --

12 MR. LOMINACK: Respondent agrees.

13 JUDGE WEDEKIND: Okay. Shall we meet then at 9 a.m., on
14 Wednesday the 16th?

15 MS. DEMIROK: That works for me.

16 MR. LOMINACK: That's fine with Respondent.

17 JUDGE WEDEKIND: Okay. Great. And just because we have
18 Ms. Weber here, I will -- I do want to say congratulations to
19 everybody. I think you've set the record for the longest
20 Zoom hearing to date. From what I can see it's 57 hearing
21 days so far, not including next Wednesday. 77 witnesses; 94
22 if you count the GC adverse witnesses that the Respondent
23 recalled. 423 exhibits, including 14 audio tapes and
24 transcripts. So it's quite a record. And I do expect it
25 should hold for awhile unless the -- maybe the next Station

1 Casinos consolidated complaint ends up in a Zoom hearing,
2 which maybe not. We'll see.

3 I do want to thank you for -- while you're here,
4 Ms. Weber, thank you for your professionalism, your patience,
5 your assistance in dealing with the various technical issues,
6 the audio, Internet, video problems that arose. I don't know
7 if they were more or less than expected, but you did seem to
8 handle them very well. And that includes not only Counsel,
9 but the court reporters and the interpreters. I want to
10 thank you for all that.

11 As I may have mentioned off the record, I will set a
12 briefing schedule. Once we do close the record presumably
13 next Wednesday, we'll close it, and I'll set it then. As
14 I'll restate then, I am limited to 35 days. Free to seek an
15 extension from the Associate Chief ALJ in San Francisco, if
16 necessary.

17 Ms. Candeloro, would you expect to be with us next
18 Wednesday?

19 COURT REPORTER: Yes, Your Honor. I'll be here.

20 JUDGE WEDEKIND: Okay. Great.

21 All right. Anything else?

22 MS. DEMIROK: Nothing from the General Counsel.

23 JUDGE WEDEKIND: Okay. Great.

24 MR. LOMINACK: Nothing from Respondent.

25 JUDGE WEDEKIND: All right. See you next Wednesday,

1 9:00 a.m., Pacific. Thank you.

2 (Whereupon at 5:07 p.m., hearing in the above-entitled matter
3 is continued, to resume on Wednesday June 19, 2021 at 9:00
4 a.m. PDT.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22


23

24

25

CERTIFICATION

1
2 This is to certify that the attached proceedings before
3 the National Labor Relations Board (NLRB), Region 28, in the
4 matter of **NP RED ROCK, LLC d/b/a RED ROCK CASINO RESORT &**
5 **SPA**, Case No. 28-CA-244484, via videoconference, on June 10,
6 2021, was held according to the record, and that this is the
7 original, complete, and true and accurate transcript that has
8 been compared to the recording, at the hearing, that the
9 exhibits are complete and no exhibits received in evidence or
10 in the rejected exhibit files are missing.

11
12
13 

14 Tamara Candeloro

15 Official Reporter